

HEALTH SERVICES AND DEVELOPMENT AGENCY  
FEBRUARY 27, 2013  
APPLICATION SUMMARY

NAME OF PROJECT: Baptist Memorial Hospital for Women

PROJECT NUMBER: CN1211-058

ADDRESS: 6225 Humphreys Boulevard  
Memphis (Shelby County), TN 38120

LEGAL OWNER: Baptist Memorial Hospital  
350 North Humphreys Boulevard  
Memphis (Shelby County), TN 38120

OPERATING ENTITY: Baptist Memorial Hospital for Women  
6225 Humphreys Boulevard  
Memphis (Shelby County), TN 38120

CONTACT PERSON: Arthur Maples, Director of Strategic Development  
Baptist Memorial Health Care Corporation  
350 N. Humphreys Boulevard  
Memphis (Shelby County), TN 38120  
(901) 227-4137

DATE FILED: November 15, 2012

PROJECT COST: \$14,105,241.00

FINANCING: Cash Reserves

PURPOSE FOR FILING: Hospital Construction in excess of \$5 million and the initiation of Magnetic Resonance Imaging (MRI) Services

## DESCRIPTION:

Baptist Memorial Hospital for Women is seeking approval for the construction of an Emergency Department dedicated for pediatric patients and the initiation of Magnetic Resonance Imaging (MRI) services on the Baptist Memorial Hospital for Women's campus located at 6225 Humphreys Boulevard, Memphis (Shelby County), TN 37403. The proposed project will involve 37,500 square feet of new construction. Baptist Hospital for Women (BMHW) is a 140 bed satellite of Baptist Memorial Hospital Memphis (BMHM). BMHW is located on a separate campus adjacent to the BMHM campus. There is no physical connection between the BMHW and the BMHM hospital buildings. BMHM is part of the Baptist Memorial Health Care System. No other health care services will be initiated or discontinued.

## CRITERIA AND STANDARDS REVIEW

### CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. **Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.**

*The applicant is requesting the initiation of Magnetic Resonance Imaging (MRI) services. The applicant provided responses to the applicable criterion and standards to initiate MRI services.*

*It appears that this criterion has been met.*

2. **For relocation or replacement of an existing licensed health care institution:**
  - a. **The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.**

*This criterion does not apply.*

- b. **The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.**

*The applicant has documented the need for expanding the square footage for emergency services.*

*It appears that this criterion has been met.*

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3. For renovation or expansions of an existing licensed health care institution:
  - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

*The applicant states the proposed emergency department will be 6,988 square feet with patient visits projected at 7,320 in Year One. The applicant states according to the book "Emergency Department Design: A Practical Guide to Planning for the Future" the emergency room square footage range for 10,000 annual visits is between 7,200 and 9,900 square feet.*

*It appears that this criterion has been met.*

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

*The applicant has documented the need for expanding square footage for emergency services.*

*It appears that this criterion has been met.*

## **Standards and Criteria**

### **1. Utilization Standards for non-Specialty MRI Units.**

- a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.

*The proposed MRI scanner for the BMHW campus is expected to perform 1,092 procedures by the second year of operation. Since BMHW is a satellite of BMHM, when considering the three MRI's operating at BMHM and one proposed MRI at BMHW totaling four MRIs, the applicant projects 13,055 procedures in Year 2 or 3,254 procedures per MRI.*

*Since the MRI service being initiated on the BMHW campus is expected to perform only 1,092 procedures in Year 2, it appears that this criterion has not been met.*

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b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

*This criterion is not applicable.*

c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

*This criterion is not applicable. The proposed MRI does not qualify as new or improved technology.*

d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.

*This criterion is not applicable.*

e. Hybrid MRI Units. The HSDA may evaluate a CON application for an MRI "hybrid" Unit (an MRI Unit that is combined/utilized with medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

*This criterion is not applicable.*

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-

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Tennessee counties, their utilization rates, and their capacity (if that data are available).

*The MRI unit being relocated from the BMHM campus to the BMHW campus will continue to be accessible to the same population that was served on the BMHM campus.*

*It appears that this criterion has been met.*

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

*The applicant states that acquiring an MRI at market value that is fully equipped for children and breast exams is the best scenario to improve access and availability of MRI services at BMHW.*

*It appears that this criterion has been met.*

4. Need Standard for non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units:  $1.20 \text{ procedures per hour} \times \text{twelve hours per day} \times 5 \text{ days per week} \times 50 \text{ weeks per year} = 3,600 \text{ procedures per year}$

Mobile MRI Units:  $\text{Twelve (12) procedures per day} \times \text{days per week in operation} \times 50 \text{ weeks per year}$ . For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

*There were a total of 42 MRI units with an average of 2,739 procedures per MRI in the proposed service area in 2011. The need standard for mobile MRI units is not applicable.*

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*It appears that this criterion has not been met*

5. Need Standards for Specialty MRI Units.

- a. Dedicated fixed or mobile Breast MRI Unit. An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall not receive a CON to use the MRI unit for non-dedicated purposes and shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:

*This criterion is not applicable. The proposed MRI is not a dedicated breast MRI unit.*

1. It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by mammography, ultrasound, and MRI unit equipment, and that is trained to interpret images produced by an MRI unit configured exclusively for mammographic studies;

*This criterion is not applicable.*

2. Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit are in compliance with the federal Mammography Quality Standards Act;

*This criterion is not applicable.*

3. It is part of or has a formal affiliation with an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical oncology, surgical oncology and an established breast cancer treatment program that is based in the proposed service area.

*This criterion is not applicable.*

4. It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers.

*This criterion is not applicable.*

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b. Dedicated fixed or mobile Extremity MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Extremity MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Extremity MRI Unit and a CON granted for this use should so state on its face.

*This criterion is not applicable. The proposed MRI will not be a dedicated extremity MRI unit.*

c. Dedicated fixed or mobile Multi-position MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Multi-position MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Multi-position MRI Unit and a CON granted for this use should so state on its face.

*This criterion is not applicable. The proposed MRI will not be a dedicated extremity MRI unit.*

6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units. If data availability permits, Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.

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*This criterion is not applicable.*

7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

*The applicant has provided documentation that verifies the proposed MRI meets FDA certification requirements.*

*It appears that this criterion has been met.*

b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

*The applicant has provided a letter dated November 12, 2012 from an architectural firm that affirms the proposed MRI physical environment conforms to applicable codes and standards.*

*It appears that this criterion has been met.*

c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

*The applicant indicates emergencies will be handled in accordance with hospital and medical practices. A detailed description was submitted in the application.*

*It appears that this criterion has been met.*

d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

*The applicant indicates MRI procedures will be performed as medically necessary and will not duplicate other services. The applicant submitted an example of the protocols to be developed in the supplemental response.*

*It appears that this criterion has been met.*

e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that

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it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

*The applicant indicates staffing recommendations and requirements by the American College of Radiology (ACR) will be followed. The applicant has provided a summary of ACR requirements on page 23 of the second supplemental response.*

*It appears that this criterion has been met.*

f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

*BMHW is accredited by the Joint Commission and commits to seek accreditation for the MRI within two years of implementation of the proposed service.*

*It appears that this criterion has been met.*

g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

BMHW has transfer agreements with BMHM and medical staffs are active with both facilities.

*It appears that this criterion has been met.*

8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

*The applicant indicates data will be submitted as requested by HSDA.*

*It appears that this criterion has been met.*

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

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- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

*The applicant did not address if the proposed MRI service will be offered in a medical underserved area.*

- b. Who is a “safety net hospital” or a “children’s hospital” as defined by the Bureau of TennCare Essential Access Hospital payment program; or

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

- d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

*The applicant contracts with all TennCare managed care organizations that are contracted in the West Tennessee region. BMHW requests special consideration due to its involvement with Pediatric services and the special needs of children.*

*It appears that this criterion has been met.*

SUMMARY:

BMHW is proposing to construct an emergency department that will be dedicated to pediatric services. The proposed department will offer basic emergency department services that will be staffed by pediatricians who are hospitalists. In addition, new telecommunications and electronic health record tools will ensure patient information is appropriately accessible by providers and that patients can be monitored. The applicant states BMHW has 143 pediatricians who are active medical staff due to having offered obstetrical services from the time BMHW opened.

BMHW is also proposing to acquire a Magnetic Resonance Imaging (MRI) unit that will provide access to pediatric emergency room patients. The applicant indicates the proposed MRI will be valuable to emergency clinicians who must rely on radiologists and diagnostic imaging to quickly formulate medical treatment decisions. The applicant projects orthopedic trauma patients will be frequent users of the pediatric emergency room and MRI services.

Baptist Memorial Hospital for Women (BMHW) was opened over 10 years ago to consolidate women's services into a continuum of care that focused on the health of women. The applicant indicates consolidating women's services into one single location has improved functionality and reduced fragmentation of resources.

The proposed project involves approximately 35,320 square feet in new construction for the emergency department and approximately 2,180 square feet in renovation for the MRI unit and imaging registration. The area to be renovated for the MRI unit is currently a Pediatric surgery admission and waiting area that will relocate to the new emergency department. There will be shelved space located above the new emergency department for future expansion.

BMHM plans to upgrade an existing MRI unit to a wider bore unit. When that upgrade is complete, a 1.5 Tesla short bore GE MRI originally purchased in 2002 with a remaining useful life of 3-5 years and a market value of \$100,000 at BMHM will be available for purchase by BMHW. If this application is approved, there will be one MRI added to the market in the proposed three county service area of Tipton, Shelby and Fayette counties. The end result will be BMHW will have one stationary MRI unit that will be transferred from BMHM and BMHM will continue to have three (3) MRI units.

The following table reflects the historical three county MRI utilization trends for the years 2009-2011. MRI utilization overall increased 2.97% from 111,373

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procedures in 2009 to 115,058 procedures in 2011. The largest increase in utilization occurred at Campbell Clinic-Union, a physician's office in Shelby County where utilization increased 144% from 938 procedures in 2009 to 2,290 in 2011. The largest percentage decrease occurred at Baptist Memorial Hospital-Collierville where utilization decreased (38.52%) from 3,076 procedures in 2009 to 1,891 in 2011.

**Proposed Three County Service Area MRI Utilization and Trends  
For Years 2009-2011**

Provider	Type	County	# of MRIs	2009	2010	2011	Standard Met?	Percent Changed
*Methodist Healthcare-Fayette Hospital	Hosp	Fayette	1	459	373	324	No	-29.41%
Baptist Memorial Hospital - Collierville	Hosp	Shelby	1	3076	1,941	1,891	No	-38.52%
Baptist Memorial Hospital - Memphis	Hosp	Shelby	3	11,357	11,517	12,052	Yes	6.12%
Baptist Rehabilitation - Germantown	Hosp	Shelby	1	1,267	1,702	1,622	No	28.02%
Baptist Rehabilitation Germantown - Briarcrest MRI	H-Imaging	Shelby	1	415	370	585	No	40.96%
Campbell Clinic - Union	PO	Shelby	1	938	64	2,290	No	144.14%
Campbell Clinic Inc.	PO	Shelby	1	7,398	8,081	6,502	Yes	-12.11%
Delta Medical Center	Hosp	Shelby	1	921	880	1,006	No	9.23%
Diagnostic Imaging PC - Memphis	RPO	Shelby	1	4,236	4,540	6,358	Yes	50.09%
LeBonheur Children's Medical Center	HOSP	Shelby	3	4,224	3,856	4,663	No	10.39%
Methodist Healthcare-Germantown Hospital	Hosp	Shelby	2	8,282	8,313	7,698	Yes	-7.05%
Methodist Healthcare-North Hospital	Hosp	Shelby	2	6,660	6,359	6,058	Yes	-9.04%
Methodist Healthcare-South Hospital	Hosp	Shelby	1	3,364	3,536	4,073	Yes	21.08%
Methodist Healthcare-University Hospital	Hosp	Shelby	3	9,144	9,136	9,677	Yes	5.83%
MSK Group PC - New Covington Pike	PO	Shelby	1	3,213	3,420	3,096	Yes	-3.64%
MSK Group, PC - Briarcrest	PO	Shelby	1	3,247	4,043	4,508	Yes	38.84%
Neurology Clinic, PC	PO	Shelby	1	3,161	3,370	3,168	Yes	0.22%
Outpatient Diagnostic Ctr of Memphis (fka Diagnostic Health - Memphis)	ODC	Shelby	1	1,969	2,389	2,207	No	12.09%
Park Avenue Diagnostic Center	ODC	Shelby	2	4,989	3,857	3,080	No	-38.26%
Regional Medical Center at Memphis (The Med)	Hosp	Shelby	1	4,100	3,733	3,927	Yes	-4.22%
Semmes-Murphey Clinic (Humphreys Blvd)	PO	Shelby	2	6,748	7,327	7,300	Yes	8.18%
St. Francis Hospital	Hosp	Shelby	3	6,852	6,159	5,482	No	-19.99%
St. Francis Hospital - Bartlett	Hosp	Shelby	2	3,044	3,030	3,257	No	7.00%
St. Jude Children's Research Hospital	Hosp	Shelby	3	8,443	9,467	10,031	Yes	18.81%
Wesley Neurology Clinic, P.C.	PO	Shelby	1	1,358	1,393	1,398	No	2.95%
West Clinic, P.C., The	ASTC/OD C	Shelby	1	1,598	1,304	1,662	No	4.01%
Baptist Memorial Hospital - Tipton	Hosp	Tipton	1	1,275	1,213	1,143	No	-10.35%
<b>Service Area</b>			<b>42</b>	<b>111,738</b>	<b>111,373</b>	<b>115,058</b>	<b>No</b>	<b>2.97%</b>

\*Mobile Unit 1 day/week

\*\*St. Jude Children's Research Hospital added a 4<sup>th</sup> MRI in the latter part of 2011. The utilization will not be submitted to HSDA until the 2012 submissions.



The total number of MRI scans at BMHW is projected to be 875 in Year One and 1,092 in Year 2 of the proposed project. The average gross charges for MRI Services are projected at \$3,032.00, Average Deduction for Operating Revenue at \$2,166.00 resulting in an Average Net Charge of \$915.00. According to HSDA Equipment Registry data, the projected average gross MRI charge of \$3,032.00 is between the median gross charge of \$2,095 and 3<sup>rd</sup> quartile gross charge of \$3,163 for MRI charges per procedures for the year 2011.

In the supplemental response, the applicant states pediatric patients who require hospitalization after treatment at the BMHM emergency room are currently transported to BMH-W for admission. EMS must be called to transfer the patient between the two facilities. Implementation of the proposed pediatric emergency area will eliminate the step of transporting emergency room pediatric patients between facilities for inpatient admission.

The applicant is projecting 7,320 Pediatric Emergency Room visits in Year One and 7,900 Emergency Room visits in Year Two. The historical pediatric emergency room visits at BMHM were 8,040 visits in 2009, 6,911 in 2010 and 6,955 in 2011. The average gross charge for emergency Room Services are projected at \$1,011.00, Average Deduction for Operating Revenue at \$319.00 resulting in an Average Net Charge of \$692.00.

The above on the following page reflects Pediatric Emergency Room visits at BMH-M have decreased 13% from 8,040 visits in 2009 to 6,994 visits in 2012. In the supplemental response, the applicant indicates between 2% and 2.5% of the total for each year over the above five year period have been admitted to an inpatient facility.

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BMH-M Historical Pediatric Emergency Room Utilization and BMHW Year One  
and Two Projections

Emergency Department	CPT Code	Presenting Problem Description	2009 BMHM	2010 BMHM	2011 BMHM	2012 BMHM	Year 1 BMHW Projections	Year 2 BMHW Projections
Pediatric Treatment Rooms			5	5	5	5	8	8
Level I Visits	*99281	Self-limited or minor	1,269	1,220	1,199	1,563	1,327	1,433
Level II Visits	*99282	Low to moderate severity	1,985	1,582	1,533	1,645	1,709	1,844
Level III Visits	*99283	Moderate severity	3,623	2,606	2,699	2,579	2,917	3,148
Level IV Visits	*99284	High severity	937	1,084	1,146	937	1,039	1,122
Level V Visits	*99285	Immediate threat to life	227	419	378	270	328	354
<b>Total Visits</b>			<b>8,040</b>	<b>6,911</b>	<b>6,955</b>	<b>6,994</b>	<b>7,320</b>	<b>7,900</b>

Source: CN1211-058 Supplemental Response #1

\*American Medical Association, 2012, CPT Manual

In supplemental #2 on pages 4-8, the applicant provided a table of the destination of pediatric (ages 0-18) service area residents for emergency room visits for 2010. The table indicates there was a total of 91,252 pediatric emergency room visits from the proposed service area of Fayette, Shelby and Tipton counties in 2010. Fayette County pediatric emergency room visits totaled 2,654, Shelby County 81,985 and Tipton County 6,613. The top destination for pediatric emergency room services for the proposed service area was Lebonheur Children's Medical Center with 393 visits from Fayette County, 34,242 from Shelby County and 920 visits from Tipton County for a total of 35,555 visits, or 38.9% of the service area total. Baptist Memorial Hospital Memphis provided 7,144 pediatric emergency room visits, or 7.8% of the service area total. St. Francis Hospital provided 2,299 pediatric emergency room visits or 2.5% of the total service area.

Baptist Memorial Hospital for Women is an acute care hospital licensed for 140 beds which includes thirty six (36) Medical/Surgical beds, sixty (60) obstetrics beds, twenty-five (25) Neonatal Intensive Care beds, fifteen (15) Neonatal Intermediate Care and four (4) Intensive Care (excluding Neonatal) beds. The

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Joint Annual Report for 2011 indicates Baptist Memorial for Women is staffed for all of its licensed 140 beds, for a licensed bed and staffed occupancy rate of 52.7%.

The following provides the Department of Health's definition of the two bed categories pertaining to occupancy information provided in the Joint Annual Reports:

*Licensed Beds - The maximum number of beds authorized by the appropriate state licensing (certifying) agency or regulated by a federal agency. This figure is broken down into adult and pediatric beds and licensed bassinets (neonatal intensive or intermediate care bassinets).*

*Staffed Beds - The total number of adult and pediatric beds set up, staffed and in use at the end of the reporting period. This number should be less than or equal to the number of licensed beds.*

According to the Department of Health's population projections, the proposed project's three-county service area of Fayette, Shelby and Tipton counties are projected to grow by 3.1% over the next four years, from 1,059,801 in 2013 to 1,092,504 in 2017. Persons from ages 0 to 18 are projected over the same period to increase 2.3% from 295,602 in 2013 to 302,524 in 2017. The service area average enrollment in TennCare is 23.3% compared to the statewide average of 18.9%.

The Projected Data Chart provided by the applicant projects net operating losses for the project of (\$539,159) during the first year of operation and (\$338,371) during the second year of operation. The applicant projects 7,320 emergency department visits in Year 1 increasing to 7,900 visits in Year 2, a 7.3% increase. MRI scans is projected to be 875 scans in Year One increasing 19.8% to 1,092 procedures in Year Two. Gross Operating Revenue will increase from \$10,055,757 in Year One to \$11,333,102 in Year Two. The applicant projects to employ a staff consisting of 31.5 FTE's representing \$2,007,928 in salaries and wages expense in Year One. The Emergency Services revenue in the amount of \$7,336,298 accounts for 73% of the total gross operating revenue in Year One of the proposed project. As with the majority of hospitals, the Emergency Department is not a highly profitable operation by itself, but serves as an important point of admission to the more profitable ancillary and inpatient services.

Per the Historical Data Chart, Baptist Memorial Hospital Memphis has a positive profitability history but declining financial performance over the past three fiscal years. The hospital as a whole has faced a Net Operating Income of \$3,905,695 for FY 2009, \$973,550 for FY 2010 and \$417,832 for FY 2011. Net operating revenue decreased slightly from \$68,777,471 in 2009 to \$68,150,061 in 2011. Patient days

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decreased 5.3% from 28,474 days in 2009 to 26,966 days in 2011. The Gross operating revenue increased 7.8% from \$145,143,344 in 2009 to \$157,413,679 in 2011. In the supplemental response, the applicant indicated revenue for the past three years was impacted by such things as Medicaid reimbursement increasing 8% as a primary payer from FY 2009 to FY 2011 and a contract with a local business being awarded to another provider. In addition, the applicant states unusual expenses occurred such as the expense for \$380,550 for inner wireless preparation for the implementation of the electronic patient health record in FY2011.

Baptist Memorial Hospital for Woman is contracted with TennCare Select, BlueCare, and AmeriChoice. It is anticipated that during the first operational year following completion of the project, gross TennCare revenues are anticipated to be \$4,966,773 (49% of total gross revenues), while Medicare revenues are anticipated to be \$940,283 (9% of total gross revenues).

The total estimated project cost is \$14,105,241, which includes \$938,650 for Architectural and Engineering Fees; \$65,520 for Legal, Administrative and Consultant Fees; \$1,055,495 for Site Preparation; \$9,864,515 (\$240.00 per square foot) for the Construction Costs with Contingency; \$100,000 for Fixed Equipment; \$1,939,321 for Moveable Equipment; \$110,000 on Other Expenses (non-clinical furniture) and a \$31,740 CON filing fee. The projected total construction cost per square foot (\$240.00) is between the 1<sup>st</sup> quartile cost of \$167.99/sq. ft. and the median cost of \$249.32/sq. ft. for the total construction/sq. ft. cost for construction projects between 2009 and 2011 for hospitals.

A letter dated September 5, 2012 from Baptist Memorial Health Care Corporation's Chief Financial Officer indicates Baptist Memorial Hospital-Memphis' intent to fund the proposed project through cash reserves. A review of BMH-M's September 30, 2011 Financial Statements revealed current assets of \$288,592,420 including cash and cash equivalents of \$186,084,744. BMH-Memphis' current ratio is 5.5:1. The current ratio is a test of an organization's financial strength. A current ratio of 1.0 or greater suggests an organization has the assets to meet short-term debt obligations.

Baptist Memorial Hospital for Woman is accredited by the Joint Commission and licensed by the Tennessee Department of Health.

*The applicant has submitted the required corporate documentation, real estate option to lease and requisite demographic information for the applicant's proposed service area. HSDA staff has reviewed these documents. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency office.*

**BAPTIST MEMORIAL HOSPITAL FOR WOMEN**

**CN1211-058**

**FEBRUARY 27, 2013**

**PAGE 16**

Should the Agency vote to approve this project, the CON would expire in three years as requested by the applicant.

**CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:**

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

*Baptist Memorial Hospital for Women (BMHW) is owned by Baptist Memorial Health Care Corporation of Memphis, Tennessee, which has financial interests in this project. Baptist Memorial Health Care Corporation has no other Letters of Intent or denied applications.*

**Outstanding Certificates of Need**

**Baptist Memorial Hospital-Tipton, CN1105-018A**, has an outstanding Certificate of Need that will expire on October 1, 2014. The CON was approved at the August 24, 2011 Agency meeting for construction of a comprehensive cancer center; initiating linear accelerator and PET services; relocate 2 linear accelerators, PET, previously approved cyberknife (CN1010-050) from Baptist Memorial Hospital- Memphis to the proposed Baptist Center for Cancer Care. The estimated cost of the project is **\$64,925,225.00**. *Project Status Update: As the cancer center plans were being refined, the applicant realized CN1105-018A needed to be modified because a larger facility was required to provide the flexibility to adjust to advancements in oncology delivery options while being in a centralized location. The applicant submitted a proposal to modify the application at the original site but withdrew the application and chose to submit an application for a site closer to the BMHM campus. Pending application, Baptist Center for Cancer Care, CN1211-057 will be heard during the February 27, 2013 Agency meeting seeking approval for the relocation of Baptist Memorial Hospital-Tipton, CN1105-018A.*

**Baptist Memorial Hospital-Huntingdon, CN1205-021A**, has an outstanding Certificate of Need that will expire on October 1, 2015. The CON was approved at the August 22, 2012 Agency meeting for the initiation of adult psychiatric services and conversion of twelve (12) currently licensed medical-surgical beds to twelve (12) geriatric psychiatric beds at its seventy (70) bed acute care hospital located at 631 R.B. Wilson Drive in Huntingdon (Carroll County), TN. The estimated project cost is **\$727,000.00**. *Project Status: HSDA approval of this project has been appealed. Detailed planning for implementation continues, but start of renovation has been delayed.*

**BAPTIST MEMORIAL HOSPITAL FOR WOMEN**

**CN1211-058**

**FEBRUARY 27, 2013**

**PAGE 17**

Pending Applications

**Baptist Memorial Hospital-Tipton d/b/a Baptist Center for Cancer Care, CN1211-057** has an application pending which will be heard at the February 27, 2013 Agency meeting. The application is for the relocation of Baptist Center for Cancer Care (BCCC) from its approved site at 1238 and 1280 South Germantown Parkway, Germantown (Shelby County), TN 38138 to the building known as The Shops of Humphreys Center at 50 Humphreys Boulevard, Memphis (Shelby County), and TN 38120. The proposed new location also includes space conveniently located in nearby buildings at 80 Humphreys Center and 6029 Walnut Grove Road. The Cancer Center project includes the relocation of a positron emission tomography (PET/CT) unit, initiation of linear accelerator services, and acquisition of major medical equipment and related assets currently owned and operated by Baptist Memorial Hospital-Memphis (BMHM). The project involves relocating from BMHM two (2) linear accelerators and other radiation oncology equipment along with the CyberKnife linear accelerator. One (1) of the existing linear accelerators to be relocated from BMHM will be replaced when installed at the BCCC. The PET/CT unit to be relocated to BCCC will be a replacement of the BMHT PET/CT currently located at 1945 Wolf River Blvd., Germantown (Shelby County), TN 38138. The hospital total Cancer Center space is approximately 153,200 square feet. The project does not involve the addition of beds or any service for which a Certificate of Need is required. The estimated project cost is \$84,834,200.00.

**Baptist Memorial Rehabilitation Hospital, CN1212-061**, has an application pending which will be heard at the March 27, 2013 Agency meeting. The application is for the establishment of a forty-nine (49) bed inpatient rehabilitation hospital. If approved, Baptist Rehabilitation Hospital-Germantown will de-license its forty-nine (49) bed inpatient rehabilitation unit. The estimated project cost is \$33,167,900.00.

**CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:**

*There are no Letters of Intent or denied or pending applications for similar service area entities proposing this type (i.e., Magnetic Resonance Imaging (MRI) and/or Emergency Department) of service.*

**Methodist Healthcare - Memphis Hospitals d/b/a Methodist University Hospital, CN1208-041A** has an outstanding Certificate of Need which is scheduled to expire January 1, 2016. The Certificate of Need was approved at the November 14, 2012 Agency meeting for the replacement of the Emergency Department (ED) and the relocation of the ED within the hospital's campus. The project is for the construction of a replacement ED and renovation of existing space. The project will replace an existing CT. The project involves 93,000 square feet of new space and 6,200 square feet of renovated space. This project does not involve inpatient beds, initiation of services or addition of other major medical equipment. The estimated project cost is **\$33,488,985.00**. *Project Status Update: This project was recently approved.*

**Methodist LeBonheur Children's Medical Center, CN0609-076A**, has an outstanding Certificate of Need which expired on February 1, 2012. The Certificate of Need was approved at the December 20, 2006 Agency meeting for the replacement of the existing 225 bed pediatric acute care facility with a new 648,160 square feet, pediatric acute care hospital adjacent to the existing facility with renovation in a 127,340 square foot portion of the existing building. The remainder of the existing facility is planned for demolition. The project does not involve the initiation or discontinuance of any service or change the facility's bed complement. The project also includes the conversion of fifteen (15) pediatric beds to NICU beds and the acquisition of an intra-operative MRI. The estimated project cost is **\$326,956,905.00**. *Project Status Update: The project is complete. The final project report is in the process of being filed with HSDA.*

**PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.**

PME  
(2/5/13)

## **LETTER OF INTENT**





2012 NOV -9 AM 10:38

## LETTER OF INTENT

### TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal which is a newspaper  
(Name of Newspaper)  
of general circulation in Shelby and other counties in, Tennessee, on or before November 10, 2012,  
(County) (Month / day) (Year)  
for one day.

=====

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that: Baptist Memorial Hospital for Women, a satellite of Baptist Memorial Hospital a General Hospital owned by: Baptist Memorial Hospital with an ownership type of non-profit corporation and to be managed by Baptist Memorial Hospital for Women intends to file an application for a Certificate of Need application to construct an emergency department dedicated for pediatric patients and to initiate Magnetic Resonance Imaging (MRI) services on the Women's campus. The project will involve approximately 37,500 square feet of new construction. Baptist Memorial Hospital for Women is located at 6225 Humphreys Blvd, Memphis, TN 38120. The project does not involve the addition of beds or any other service for which a certificate of need is required. The estimated project cost, is approximately \$14,105,241.

The anticipated date of filing the application is: November 15, 2012

The contact person for this project is Arthur Maples Director Strategic Analysis  
(Contact Name) (Title)

who may be reached at: Baptist Memorial Health Care Corporation 350 N Humphreys Blvd  
(Company Name) (Address)

Memphis TN 38120 901 / 227-4137  
(City) (State) (Zip Code) (Area Code / Phone Number)

Arthur Maples 11/5/2012 arthur.maples@bmhcc.org  
(Signature) (Date) (E-mail Address)

=====

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency  
Andrew Jackson Building  
500 Deaderick Street, Suite 850  
Nashville, Tennessee 37243

=====

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

# **Copy Application**

**Baptist Memorial Hospital  
for Women**

**CN1211-058**

1. **Name of Facility, Agency, or Institution**

2012 NOV 19 PM 4 21

Baptist Memorial Hospital for Women, a satellite of Baptist Memorial Hospital  
 Name  
 6225 Humphreys Blvd  
 Street or Route  
 Memphis  
 City

TN  
 State

Shelby  
 County  
 38120  
 Zip Code

2. **Contact Person Available for Responses to Questions**

Arthur Maples  
 Name  
 Baptist Memorial Health Care Corporation  
 Company Name  
 350 N. Humphreys Blvd  
 Street or Route  
 Employee  
 Association with Owner

Memphis  
 City  
 901-227-4137  
 Phone Number

Dir. Strategic Analysis  
 Title  
 Arthur.Maples@bmhcc.org  
 Email address  
 TN  
 State  
 38120  
 Zip Code  
 901-227-5004  
 Fax Number

3. **Owner of the Facility, Agency or Institution**

Baptist Memorial Hospital  
 Name  
 350 N Humphreys Blvd  
 Street or Route  
 Memphis  
 City

TN  
 State

Shelby  
 County  
 38120  
 Zip Code

4. **Type of Ownership of Control (Check One)**

- |                                 |          |                              |       |
|---------------------------------|----------|------------------------------|-------|
| A. Sole Proprietorship          | _____    | F. Government (State of TN   | _____ |
| B. Partnership                  | _____    | or Political Subdivision)    | _____ |
| C. Limited Partnership          | _____    | G. Joint Venture             | _____ |
| D. Corporation (For Profit)     | _____    | H. Limited Liability Company | _____ |
| E. Corporation (Not-for-Profit) | <u>X</u> | I. Other (Specify) _____     | _____ |

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
 REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. Name of Management/Operating Entity (If Applicable)

Baptist Memorial Hospital for Women		
Name		
6225 Humphreys Blvd		
Street or Route		Shelby
Memphis		County
	TN	38120
City	State	Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. Legal Interest in the Site of the Institution (Check One)

- A. Ownership   X   D. Option to Lease \_\_\_\_\_  
B. Option to Purchase \_\_\_\_\_ E. Other (Specify) \_\_\_\_\_  
C. Lease of \_\_\_\_\_ Years \_\_\_\_\_

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

7. Type of Institution (Check as appropriate--more than one response may apply)

- |  |       |   |       |
|--|-------|---|-------|
| A. Hospital (Specify)_____   | X     | I. Nursing Home                             | _____ |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty    | _____ | J. Outpatient Diagnostic Center             | _____ |
| C. ASTC, Single Specialty  | _____ | K. Recuperation Center                      | _____ |
| D. Home Health Agency  | _____ | L. Rehabilitation Facility                  | _____ |
| E. Hospice   | _____ | M. Residential Hospice                      | _____ |
| F. Mental Health Hospital  | _____ | N. Non-Residential Methadone Facility       | _____ |
| G. Mental Health Residential Treatment Facility                    | _____ | O. Birthing Center                          | _____ |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) | _____ | P. Other Outpatient Facility (Specify)_____ | _____ |
|  |       | Q. Other (Specify)                          | _____ |

8. Purpose of Review (Check) as appropriate--more than one response may apply)

- |    |                                |              |    |  |       |
|----|--------------------------------|--------------|----|--|-------|
| A. | New Institution                | _____        | G. | Change in Bed Complement               | _____ |
| B. | Replacement/Existing Facility  | _____        |    | <i>[Please note the type of change</i> |       |
| C. | Modification/Existing Facility | <u>  X  </u> |    | <i>by underlining the appropriate</i>  |       |
| D. | Initiation of Health Care      | _____        |    | <i>response: Increase, Decrease,</i>   |       |
|    | Service as defined in TCA §    |              |    | <i>Designation, Distribution,</i>      |       |
|    | 68-11-1607(4)                  |              |    | <i>Conversion, Relocation]</i>         |       |
|    | (Specify)_____                 | _____        | H. | Change of Location                     | _____ |
| E. | Discontinuance of OB Services  | _____        | I. | Other (Specify)_____                   | _____ |
| F. | Acquisition of Equipment       | <u>  X  </u> |    |  |       |

9. **Bed Complement Data**

*Please indicate current and proposed distribution and certification of facility beds.*

	<u>Current Licensed</u>	<u>Beds *CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	36		36		36
B. Surgical					
C. Long-Term Care Hospital					
D. Obstetrical	48		48		48
E. ICU/CCU	4		4		4
F. Neonatal	40		40		40
G. Pediatric	12		12		12
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolescent Psychiatric					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid Certified)					
M. Nursing Facility Level 1 (Medicaid only)					
N. Nursing Facility Level 2 (Medicare only)					
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child and Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
<b>TOTAL</b>	<b>140</b>		<b>140</b>		<b>140</b>

\*CON-Beds approved but not yet in service

10. Medicare Provider Number 44-0048  
Certification Type Hospital

11. Medicaid Provider Number 0440048  
Certification Type Hospital

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?

13. *Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.*

TN Care MCOs: BCBST Blue Care, TN Care Select, Americhoice

*Discuss any out-of-network relationships in place with MCOs/BHOs in the area.*

**NOTE:** **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.

## **SECTION B: PROJECT DESCRIPTION**

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

### **Executive Summary**

Baptist Memorial Hospital for Women (BMHW) is a satellite of Baptist Memorial Hospital Memphis (BMHM) and is located on an adjacent campus. More than 10 years ago, BMHW was opened to enhance and intensify a focus on women's health. Women's Services were consolidated to provide a better continuum of care in an environment where they could be distinguished from other general hospital services. Consolidating a segment of services at a single location improved functionality and reduced fragmentation of resources. BMHW is now recognized by the community as a provider of high quality, patient friendly services for women of all ages. Patients, medical staff and families appreciate the care and attention focused on a specialized group of patients' needs. In the 12 months from Oct 1, 2011 to Sept 31, 2012, the hospital was the birthplace for 5,300 infants which was more than an 8% increase from the previous 12 months.

Baptist Memorial Hospital-Memphis (BMHM) has provided inpatient, outpatient and emergency care for children over the years, however, the hospital serves all ages and adults far outnumber the children. Approximately a year ago, inpatient beds were designated for pediatrics at BMHW. The pediatric beds at the adjacent BMHM tertiary campus were returned to regular adult acute care. Baptist Memorial Hospital for Women is proposing to construct an emergency department that will be dedicated to providing pediatric services. The facility will be designed and operated to provide high quality care with appropriate equipment and staff with resources to best insure care of children. The department will offer basic ED services and will be staffed by pediatricians who are Hospitalists. Having offered obstetrical services from the time that it opened, BMHW also has 143 pediatricians on the active medical staff.

November 28, 2012  
2:43pm

The ED facility will be efficiently designed to control cost and maintain financial sustainability. For example, a portion of the department will serve pediatric ambulatory surgical cases at specified times during the day for admission, second stage recovery and discharge.

The ED visits at BMHW are projected to be 7,320 in year 1 and 7,900 in year 2. The ED at BMHM had 6,955 pediatric visits in FY 2011. Growth is anticipated due to several factors such as population and increasing use of the Womens Hospital by families with young children within the service area. The pediatric ED will also serve referrals from Baptist Memorial Health Care Corporation (BMHCC) hospitals especially those in the primary service area of Shelby, Tipton and Fayette counties in Tennessee and DeSoto County in Mississippi. BMHW expects growth in pediatric utilization to occur as the result of having a dedicated pediatric ED.

In addition to constructing the Pediatric ED, BMHW is proposing to acquire a Magnetic Resonance Imaging (MRI) unit. The hospital has periodically evaluated a need for an MRI. With the proposed ED comes additional responsibility to provide access for pediatric ED patients. Orthopedic trauma patients are projected to be frequent users of the pediatric ED. Emergency clinicians rely on radiologists and diagnostic imaging to quickly inform a medical treatment decisions. MRI along with computed tomography xray and ultrasound provide diagnostic imaging support to diagnose patients and move them quickly to the proper service locations.

BMHM is planning to upgrade an existing MRI unit to provide patients with access to a wider bore unit. When the upgrade occurs, a 1.5T MRI at BMHM will be available for acquisition by BMHW. The market value of \$100,000 is much less than the CON threshold. The number of scans at BMHW are projected to be 875 in year 1 and 1,092 in year 2 which is less than the utilization standards for non-specialty MRI units. The three MRI units at BMHM are exceeding the 80% utilization of 2,880 annual procedures as shown in the following table. Relocating scans to BMHW will not drop BMHM below the 80% utilization threshold and access to patient service at BMHW will provided.

Total MRI Scans at BMH-Memphis (3 Units)

YEAR	2009	2010	2011
Procedures	11,357	11,517	12,052
% Change		1.41%	4.65%
Avg per unit	3,786	3,839	4,017

Due to the need to provide access for pediatric patients and NICU infants as well as other hospital patients who would be transported to BMHM, the applicant requests special consideration by the HSDA. as provided in the criteria item 9 d. shown on the following page.

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care." the HSDA may decide to give special consideration to an applicant:
- Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;
  - Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or
  - Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or
  - Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.
- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.
- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

#### Response

As shown on the following chart the project involves approximately 35,320 square feet in new construction for the emergency department and approximately 2,180 square feet in renovation for the MRI unit and imaging registration. The area to be renovated for the MRI unit is presently used for Pediatric surgery admission and waiting. Those functions will relocate to the new ED. That total building cost as shown in the chart and is \$8,924,353.



The ED will be located on the ground floor in new construction that will share a common wall with the existing building. Shell space will be above the New ED to allow future occupancy without disrupting operation.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

**Response:**

Changes in beds are not part of this project proposal. However, the exam treatment areas are shown below:

EXAM TREATMENT AREA	PROPOSED
Single Treatment Positions	
Cardiac Exam	2
Ortho Exam/Treatment Room	2
Psychiatric Exam Room	1
Bariatric/Isolation Exam Room	1
Observation 1 Room( 4 Bays)	1
Holding/Recovery 3 bays /2 exam	1
<b>TOTAL</b>	<b>8 Areas</b>

# SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF		
					Renovated	New	Total	Renovated	New	Total
Emergency Department										
Exam/Treatment Space						2110	2100		310	654,100
Support Space						3390	3390		310	1,050,900
Waiting Area						1440	1440		290	417,600
Outpatient Services										
Exam space						1100	1100		310	341,000
Support Space						200	200		310	62,000
Waiting Are						680	680		290	197,200
MRI Renovation					1277		1277	300		383,100
Registration/Admin					903		903	281		253,743
Hospital Shell space						12520	12520		130	1,627,600
Canopies/Soffits						2852	2852		281	801,412
B. Unit/Depart. GSF Sub-Total					2,180	24,292	26,472	581	2,231	5,788,655
C. Mechanical/ Electrical GSF						1270	1270		310	393,700
D. Circulation /Structure GSF						9758	9758		281	2,741,998
E. Total GSF					2,180	35,320	37,500	581	2,822	\$8,924,353

**SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART**

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF		
					Renovated	New	Total	Renovated	New	Total
Emergency Department										
Exam/Treatment Space						2110	2110			
Support Space						3390	3390			
Waiting Area						1440	1440			
Outpatient Services										
Exam space						1100	1100			
Support Space						200	200			
Waiting Area						680	680			
MRI Renovation					1277		1277			
Registration/Admin					903		903			
Hospital Shell space						12520	12520			
Canopies/Soffits						2852	2852			
B. Unit/Depart. GSF Sub-Total					2,180	24,292	26,472			
C. Mechanical/ Electrical GSF						1270	1270			
D. Circulation /Structure GSF						9758	9758			
E. Total GSF					2,180	35,320	37,500	\$292	\$234.64	\$237.98

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

Response

As described in the previous question, an MRI unit is needed to serve the pediatric population at BMHW. It will also provide service for NICU infants reducing the transportation risks for the fragile patients. Other patients who are now transported to BMHM can be served more conveniently and transportation expenses avoided. The market value of the unit makes acquiring it from BMHM, which is under the same hospital license, an effective application of resources.

D. Describe the need to change location or replace an existing facility.

Response

Baptist Memorial Hospital for Women is proposing to construct an emergency department that will be dedicated to providing pediatric services. The facility will be designed and operated to provide high quality care with appropriate equipment and staff with resources to best insure care of children.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$2.0 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):
  - a. Describe the new equipment, including:

1. Total cost ;(As defined by Agency Rule).
2. Expected useful life;
3. List of clinical applications to be provided; and
4. Documentation of FDA approval.

**Response :**

Documentation of FDA approval is provided.

- b. Provide current and proposed schedules of operations.
2. For mobile major medical equipment:
  - a. List all sites that will be served;
  - b. Provide current and/or proposed schedule of operations;
  - c. Provide the lease or contract cost.
  - d. Provide the fair market value of the equipment; and
  - e. List the owner for the equipment.

**Response**

Not applicable

3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

**Response**

The MRI unit will be purchased by the hospital. An assessment of market value is included as an attachment.

**III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:**

1. Size of site (*in acres*);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

**Response :**

Please refer to Attachment Section B, III, A(1)

***Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.***

- (B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

**Response:**

Public transportation is easily accessible on Humphreys Boulevard and is shown in the plot plan.

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

**Response:**

The floor plan is provided in Attachment Section B, IV.

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

- V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

**Response:**

Not applicable

**SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS**NEED**

1. Describe the relationship of this proposal toward the Implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
  - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

Response:

Two items from the guidelines are applicable to this proposed ED expansion project:

3. *For renovation or expansions of an existing licensed health care institution:*
  - a. *The applicant should demonstrate that there is an acceptable existing demand for the proposed project.*
  - b. *The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.*

The response to these items is based on the number of visits to the ED at BMHM and the projections for BMHW as shown in the following table.

	BMHM Pediatric ED Visits			Projected BMHW	
	Year 2009	2010	2011	Year 1	Year 2
Patients	8,040	6,911	6,955	7,320	7,900

The proposed ED space is reasonable for the number of visits as presented in the table from the book *Emergency Department Design: A Practical Guide to Planning for the Future* published by the American College of Emergency Physicians. The Total area for the proposed ED is 6,988 sq feet. From the table the range for 10,000 annual visits is between 7,200 and 9,900 square feet.

The need and conservative reasonableness of the expansion is indicated in the following chart.

High and low range estimates for department areas and bed quantities.  
(Reproduced courtesy of FreemanWhite, Inc.)

Projected Annual Visits	Department Gross Area Low Range Dept. Area	High Range Dept. Area	Bed Quantities Low Range Bed Quantity	Low Range Visits/Bed	High Range Bed Quantity	High Range Visits/Bed	Estimated Area/Bed	Estimated Observation/ Clinical Decision (Included in High Range Bed Quantities)
10,000	7,200 dgsf	9,900 dgsf	8	1,250	11	909	900 dgsf/bed	2-3 patient spaces
20,000	13,500 dgsf	17,100 dgsf	15	1,333	19	1,053	900 dgsf/bed	3-4 patient spaces
30,000	17,500 dgsf	22,750 dgsf	20	1,500	26	1,154	875 dgsf/bed	4-6 patient spaces
40,000	21,875 dgsf	28,875 dgsf	25	1,600	33	1,212	875 dgsf/bed	6-8 patient spaces
50,000	25,500 dgsf	34,000 dgsf	30	1,667	40	1,250	850 dgsf/bed	8-10 patient spaces
60,000	29,750 dgsf	39,950 dgsf	35	1,714	47	1,277	850 dgsf/bed	9-12 patient spaces
70,000	33,000 dgsf	44,550 dgsf	40	1,750	54	1,296	825 dgsf/bed	11-14 patient spaces
80,000	37,125 dgsf	50,325 dgsf	45	1,778	61	1,311	825 dgsf/bed	13-16 patient spaces
90,000	40,000 dgsf	54,400 dgsf	50	1,800	68	1,324	800 dgsf/bed	14-18 patient spaces
100,000	44,000 dgsf	60,000 dgsf	55	1,818	75	1,333	800 dgsf/bed	16-20 patient spaces
110,000	46,500 dgsf	63,550 dgsf	60	1,833	82	1,341	775 dgsf/bed	18-22 patient spaces
120,000	50,375 dgsf	68,975 dgsf	65	1,846	89	1,348	775 dgsf/bed	20-24 patient spaces
130,000	52,500 dgsf	72,000 dgsf	70	1,857	96	1,354	750 dgsf/bed	22-26 patient spaces
140,000	56,250 dgsf	77,250 dgsf	75	1,867	103	1,359	750 dgsf/bed	24-28 patient spaces
150,000	58,000 dgsf	79,750 dgsf	80	1,875	110	1,364	725 dgsf/bed	26-30 patient spaces

- b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

Response:

Not Applicable

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

Response:

This project is consistent with the long range plan of BMHW and of BMHM to accommodate the health needs of the patient community it serves and to provide the highest quality, safety and service expectations.



3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

**Response:**

A map is provided at Attachment Section C3. The Service Area is reasonable since it represents the origin of patients. The primary service area is Shelby, Tipton and Fayette counties in Tennessee.

4. A. Describe the demographics of the population to be served by this proposal.

**Response:**

The primary population served by this application is patients 18 years of age and younger.

- B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

**Response:**

The benefits of providing specialized dedicated services for a specific primary population cohort are explained in other responses in the application. The design of the emergency department will bring complex technology to pediatric patients in an environment focused on pediatrics.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

**Response**

Data on pediatric ED visits are not separated in the JAR for general hospitals. Methodist LeBonheur Children's Hospital Emergency Department utilization is provided in the following table.

Patients in LeBonheur Children's Medical Center

Year	2009	2010	2011
Presented	75,614	41,162	50,426
Treated	69,004	44,017	48,128

Data from HSDA equipment utilization for MRI units in Shelby, Tipton, Fayette and Desoto Counties are shown in the following Table.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

Year	BMHM Pediatric ED Visits			Projected BMHW	
	2009	2010	2011	Year 1	Year 2
Patients	8,040	6,911	6,955	7,320	7,900

## ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)

### Response

The Chart has been completed on the following page. The CON filing fee has been calculated from Line D.

- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

### Response

The Chart has been completed on the following page.

- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

### Response

The Chart has been completed on the following page. The Chart includes maintenance agreements covering the equipment.

- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

### Response

The Chart has been completed on the following page. Documentation from the firm of ESa is provided as Attachment Section B, II,A.

## PROJECT COSTS CHART

2012 NOV 15 PM 4 22

<b>A. Construction and equipment acquired by purchase:</b>	
1. Architectural and Engineering Fees	938,650
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	65,520
3. Acquisition of Site	0
4. Preparation of Site	1,055,495
5. Construction Costs	8,924,353
6. Contingency Fund	940,162
7. Fixed Equipment (not included in Construction Contract)	100,000
8. Moveable Equipment (List all equipment over \$50,000)	1,939,321
9. Other (Specify) _____	110,000
<b>B. Acquisition by gift, donation, or lease:</b>	
1. Facility (inclusive of building and land)	0
2. Building only	0
3. Land only	0
4. Equipment (Specify) _____	0
5. Other (Specify) _____	0
<b>C. Financing Costs and Fees:</b>	
1. Interim Financing	0
2. Underwriting Costs	0
3. Reserve for One Year's Debt Service	0
4. Other (Specify) _____	0
<b>D. Estimated Project Cost (A + B + C)</b>	<b>\$ 14,073,501</b>
<b>E. CON Filing Fee</b>	<b>\$ 31,740</b>
<b>F. Total Estimated Project Cost (D + E)</b>	
<b>TOTAL</b>	<b>\$ 14,105,241</b>

## 2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (*Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.*)

- ☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☐ F. Other--Identify and document funding from all other sources.

## 3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

Response:

Total construction costs are \$8,924,353 (or \$238 PSF). The costs of the project are reasonable and compared to similar approved CON projects listed below.

CN1208-041 Methodist Healthcare- Memphis \$278 per sq ft

CN1105-018 Baptist Center for Cancer Care \$294 per sq ft

This application \$238 per sq ft

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).Response:

The charts are provided on the following pages.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

Response:

**Emergency Department**

Average Gross Charge \$1011.00  
Average Deduction from 319.00  
Operating Revenue  
Average Net Charge \$ 692.00

**MRI**

Average Gross Charge \$3032.00  
Average Deduction from 2116.00  
Operating Revenue  
Average Net Charge \$ 915.00

## HISTORICAL DATA CHART

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in 2012 NOV 30 AM 11 36 (Month)

	Year 2009 28,474; 48,119	Year 2010 26,012; 45,743	Year 2011 26,966; 43,216
A. Utilization Date ( Patient Days; OP Visits)			
B. Revenue from Services to Patients			
1. Inpatient Services	\$ 100,341,114	\$ 98,523,064	\$ 107,748,283
2. Outpatient Services	\$ 42,937,286	\$ 42,359,969	\$ 46,908,978
3. Emergency Services			
4. Other Operating Revenue (specify) <u>cafeteria, gift shop, etc.</u>	\$ 1,864,944	\$ 2,540,315	\$ 2,756,418
<b>Gross Operating Revenue</b>	\$ 145,143,344	\$ 143,423,348	\$ 157,413,679
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ 74,183,546	\$ 74,699,928	\$ 87,151,153
2. Provision for Charity Care			
3. Provision for Bad Debt	\$ 2,182,327	\$ 1,796,205	\$ 2,112,465
<b>Total Deductions</b>	\$ 76,365,873	\$ 76,496,133	\$ 89,263,618
<b>NET OPERATING REVENUE</b>	\$ 68,777,471	\$ 66,927,215	\$ 68,150,061
D. Operating Expenses			
1. Salaries and Wages	\$ 37,563,569	\$ 36,607,650	\$ 38,032,757
2. Physician's Salaries and Wages			
3. Supplies	\$ 10,131,883	\$ 10,087,939	\$ 10,214,555
4. Taxes			
5. Depreciation	\$ 3,551,427	\$ 3,980,296	\$ 4,192,611
6. Rent			
7. Interest, other than Capital	\$ 690,136	\$ 1,689,024	\$ 1,771,274
8. Management Fees:			
a. Fees to Affiliates	\$ 5,974,728	\$ 6,335,196	\$ 6,113,328
b. Fees to Non-Affiliates			
9. Other Expenses (Specify on separate page)	\$ 7,127,163	\$ 6,984,419	\$ 6,900,436
<b>Total Operating Expenses</b>	\$ 65,038,906	\$ 65,684,524	\$ 67,224,961
E. Other Revenue (Expenses) - Net (Specify)	\$ 167,130	\$ (269,141)	\$ (507,268)
<b>NET OPERATING INCOME (LOSS)</b>	\$ 3,905,695	\$ 973,550	\$ 417,832
F. Capital Expenditures			
1. Retirement of Principal			
2. Interest			
<b>Total Capital Expenditures</b>	\$ -	\$ -	\$ -
<b>NET OPERATING INCOME (LOSS)</b>			
<b>LESS CAPITAL EXPENDITURES</b>	\$ 3,905,695	\$ 973,550	\$ 417,832

## PROJECTED DATA CHART

2012 NOV 28 PM 2 48  
Give information for the last two (2) years following the completion of this proposal.  
The fiscal year begins in OCT (Month)

	Year 1	Year 2
A. Utilization Date (ER Visits; Scans)	7320; 875	7900; 1092
B. Revenue from Services to Patients		
1. Inpatient Services	\$ 493,618	\$ 516,306
2. Outpatient Services	\$ 2,225,841	\$ 2,893,594
3. Emergency Services	\$ 7,336,298	\$ 7,923,202
4. Other Operating Revenue (specify) _____		
<b>Gross Operating Revenue</b>	\$ 10,055,757	\$ 11,333,102
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ 6,921,453	\$ 7,771,822
2. Provision for Charity Care		
3. Provision for Bad Debt	\$ 150,836	\$ 169,997
<b>Total Deductions</b>	\$ 7,072,289	\$ 7,941,819
<b>NET OPERATING REVENUE</b>	\$ 2,983,468	\$ 3,391,283
D. Operating Expenses		
1. Salaries and Wages	\$ 2,007,928	\$ 2,201,964
2. Physician's Salaries and Wages		
3. Supplies	\$ 226,227	\$ 241,016
4. Taxes		
5. Depreciation	\$ 1,101,852	\$ 1,101,852
6. Rent		
7. Interest, other than Capital		
8. Management Fees:		
a. Fees to Affiliates		
b. Fees to Non-Affiliates		
9. Other Expenses (Specify on separate page)	\$ 186,620	\$ 184,822
<b>Total Operating Expenses</b>	\$ 3,522,627	\$ 3,729,654
E. Other Revenue (Expenses) - Net (Specify)		
<b>NET OPERATING INCOME (LOSS)</b>	\$ (539,159)	\$ (338,371)
F. Capital Expenditures		
1. Retirement of Principal		
2. Interest		
<b>Total Capital Expenditures</b>	\$ -	\$ -
<b>LESS CAPITAL EXPENDITURES</b>	\$ (539,159)	\$ (338,371)

## HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year 2009	Year 2010	Year 2011
1 Purchased Services	\$ 1,928,208	\$ 1,841,461	\$ 2,522,310
2 Insurance	\$ 566,741	\$ 569,733	\$ (4,202)
3 Utilities	\$ 1,057,232	\$ 1,033,381	\$ 890,266
4 Misc Expense (Charitable Donations, Travel, Seminars, Licenses and Taxes)	\$ 1,069,242	\$ 740,427	\$ 509,260
5 Professional Fees	\$ 1,787,269	\$ 1,992,810	\$ 2,050,646
6 Repairs and Maintenance	\$ 718,460	\$ 806,607	\$ 931,934
7 Gain(Loss) on Sales of Assets	\$ 11		\$ 222
<b>Total Other Expenses</b>	<b>\$ 7,127,163</b>	<b>\$ 6,984,419</b>	<b>\$ 6,900,436</b>

## PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year 1	Year 2
1 Purchased Services	\$ 967	\$ 996
2 Repairs and Maintenance	\$ 183,826	\$ 183,826
3 Misc Expense	\$ 1,827	
4		
5		
6		
7		
<b>Total Other Expenses</b>	<b>\$ 186,620</b>	<b>\$ 184,822</b>



## PROJECTED DATA CHART

Give information for the last two (2) years following the completion of this proposal.  
 The fiscal year begins 7/1/2012 (Month) 12/31/2012 (Month)

	Year 2014	Year 2015
A. Utilization Date (Procedures)	357	370
Utilization Date (Outpatient Visits)	7838	8617
B. Revenue from Services to Patients		
1. Inpatient Services (MRI)	\$ 493,618	\$ 516,306
2. Outpatient Services	2,225,841	2,893,594
3. Emergency Services	7,336,298	7,923,202
4. Other Operating Revenue (specify) _____		
<b>Gross Operating Revenue</b>	<b>\$ 10,055,757</b>	<b>\$ 11,333,102</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	6,921,453	7,771,822
2. Provision for Charity Care		
3. Provision for Bad Debt	150,836	169,997
<b>Total Deductions</b>	<b>7,072,289</b>	<b>7,941,819</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 2,983,468</b>	<b>\$ 3,391,283</b>
D. Operating Expenses		
1. Salaries and Wages	2,007,928	2,201,964
2. Physician's Salaries and Wages		
3. Supplies	226,227	241,016
4. Taxes		
5. Depreciation	1,101,852	1,101,852
6. Rent		
7. Interest, other than Capital		
8. Other Expenses (Specify) _____	186,620	184,822
<b>Total Operating Expenses</b>	<b>\$ 3,522,627</b>	<b>\$ 3,729,654</b>
E. Other Revenue (Expenses) - Net (Specify) _____		
<b>NET OPERATING INCOME (LOSS)</b>		
F. Capital Expenditures		
1. Retirement of Principal		
2. Interest		
<b>Total Capital Expenditures</b>	<b>0</b>	<b>0</b>
<b>NET OPERATING INCOME (LOSS)</b>		
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ (539,159)</b>	<b>\$ (338,371)</b>

## PROJECTED DATA CHART

## TOTAL FACILITY YEAR 1 (2015)

Give information for the last two (2) years following the completion of this proposal.

The fiscal year begins in OCT (Month)

Year 1

A. Utilization Date (IP Days and OP Visits)	27,314; 54,229
B. Revenue from Services to Patients	
1. Inpatient Services	\$ 140,280,905
2. Outpatient Services	\$ 71,136,633
3. Emergency Services	\$ 7,336,298
4. Other Operating Revenue (specify) _____	\$ 2,135,447
<b>Gross Operating Revenue</b>	<b>\$ 220,889,283</b>
C. Deductions from Gross Operating Revenue	
1. Contractual Adjustments	\$ 133,004,850
2. Provision for Charity Care	
3. Provision for Bad Debt	\$ 3,203,737
<b>Total Deductions</b>	<b>\$ 136,208,587</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 84,680,696</b>
D. Operating Expenses	
1. Salaries and Wages	\$ 45,377,747
2. Physician's Salaries and Wages	
3. Supplies	\$ 12,686,024
4. Taxes	
5. Depreciation	\$ 5,278,687
6. Rent	
7. Interest, other than Capital	\$ 1,569,041
8. Management Fees:	\$ 8,609,165
a. Fees to Affiliates	
b. Fees to Non-Affiliates	
9. Other Expenses (Specify on separate page)	\$ 14,288,580
<b>Total Operating Expenses</b>	<b>\$ 87,809,244</b>
E. Other Revenue (Expenses) - Net (Specify)	\$ (516,641)
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ (3,645,189)</b>
F. Capital Expenditures	
1. Retirement of Principal	
2. Interest	
<b>Total Capital Expenditures</b>	<b>\$ -</b>
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ (3,645,189)</b>

OTHER EXPENSES CATEGORIES

1 Purchased Services	\$ 2,219,143
2 Insurance	\$ 1,147,722
3 Utilities	\$ 899,049
4 Misc Expense (Charitable Donations, Travel, Seminars, Licenses and Taxes)	\$ 5,081,932
5 Professional Fees	\$ 3,408,313
6 Repairs and Maintenance	\$ 1,532,421
<b>Total Other Expenses</b>	<b>\$ 14,288,580</b>

## PROJECTED DATA CHART 2 48

2012 NOV 28 PM 2 48

Give information for the last two (2) years following the completion of this proposal.  
The fiscal year begins in OCT (Month)

	Year 1	Year 2	Year 3	Year 4
A. Utilization Date (ER Visits; Scans)	7320; 875	7900; 1092	8670; 1371	9523; 1614
B. Revenue from Services to Patients				
1. Inpatient Services	\$ 493,618	\$ 516,306	\$ 540,089	\$ 565,020
2. Outpatient Services	\$ 2,225,841	\$ 2,893,594	\$ 3,761,672	\$ 4,514,006
3. Emergency Services	\$ 7,336,298	\$ 7,923,202	\$ 8,715,522	\$ 9,587,074
4. Other Operating Revenue (specify) _____				
<b>Gross Operating Revenue</b>	<b>\$ 10,055,757</b>	<b>\$ 11,333,102</b>	<b>\$ 13,017,283</b>	<b>\$ 14,666,100</b>
C. Deductions from Gross Operating Revenue				
1. Contractual Adjustments	\$ 6,921,453	\$ 7,771,822	\$ 8,891,602	\$ 9,992,473
2. Provision for Charity Care				
3. Provision for Bad Debt	\$ 150,836	\$ 169,997	\$ 256,633	\$ 292,615
<b>Total Deductions</b>	<b>\$ 7,072,289</b>	<b>\$ 7,941,819</b>	<b>\$ 9,148,235</b>	<b>\$ 10,285,088</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 2,983,468</b>	<b>\$ 3,391,283</b>	<b>\$ 3,869,048</b>	<b>\$ 4,381,012</b>
D. Operating Expenses				
1. Salaries and Wages	\$ 2,007,928	\$ 2,201,964	\$ 2,415,203	\$ 2,649,555
2. Physician's Salaries and Wages				
3. Supplies	\$ 226,227	\$ 241,016	\$ 260,970	\$ 282,916
4. Taxes				
5. Depreciation	\$ 1,101,852	\$ 1,101,852	\$ 1,101,852	\$ 1,101,852
6. Rent				
7. Interest, other than Capital				
8. Management Fees:				
a. Fees to Affiliates				
b. Fees to Non-Affiliates				
9. Other Expenses (Specify on separate page)	\$ 186,620	\$ 184,822	\$ 196,047	\$ 201,929
<b>Total Operating Expenses</b>	<b>\$ 3,522,627</b>	<b>\$ 3,729,654</b>	<b>\$ 3,974,072</b>	<b>\$ 4,236,252</b>
E. Other Revenue (Expenses) - Net (Specify)				
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ (539,159)</b>	<b>\$ (338,371)</b>	<b>\$ (105,024)</b>	<b>\$ 144,760</b>
F. Capital Expenditures				
1. Retirement of Principal				
2. Interest				
<b>Total Capital Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ (539,159)</b>	<b>\$ (338,371)</b>	<b>\$ (105,024)</b>	<b>\$ 144,760</b>

2012 NOV 28 PM 2 48

## PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>
1 Purchased Services	\$ 967	\$ 996	\$ 1,026	\$ 1,057
2 Repairs and Maintenance	\$ 183,826	\$ 186,826	\$ 195,021	\$ 200,872
3 Misc Expense	\$ 1,827			
4				
5				
6				
7				
<b>Total Other Expenses</b>	<b>\$ 186,620</b>	<b>\$ 187,822</b>	<b>\$ 196,047</b>	<b>\$ 201,929</b>

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

Response

Implementation of this project will not impact patient charges shown in the following table.

Level of Care	Charge
ER Level 1	\$247
ER Level 2	\$319
ER Level 3	\$524
ER Level 4	\$708
ER Level 5	\$1,455

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Response

A comparison with Methodist Healthcare-Memphis charges that were provided in CN1208-041 is shown below.

Level of Care	BMH-Memphis	Methodist - Memphis	Medicare Reimburse
ER Level 1	\$247	\$397	\$47.87
ER Level 2	\$319	\$463	\$82.37
ER Level 3	\$524	\$692	\$129.64
ER Level 4	\$708	\$1,126	\$208.5
ER Level 5	\$1,455	\$1,897	\$307.67

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Response

The utilization will be sufficient to maintain cost effectiveness of providing pediatric services from a system perspective. Providing the service at BMHW will enhance the experience of being served in an environment dedicated to pediatric care. The option of finding ED service in the local community is more effective for families living in the service area.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

Response

As explained in other responses, BMHW is a campus of BMH-Memphis that is affiliated with Baptist Memorial Health Care Corporation. While it is anticipated that the services portrayed in this application will provide a positive financial contribution in the

fourth year of operation, cash flow issues in the interim will be supported through the system affiliation. Also, it should be noted that the Pediatric ED will result in utilization of other hospital services that are not reflected in the financial presentations. For example, the services and revenues that will result from inpatients that are admitted through the pediatric ED are not shown.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Response

Source	Year 1	
	Gross	% Total
Medicaid	\$ 4,966,773	49%
Medicare	\$ 940,283	9%

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

Response

The Balance Sheets and Income Statements are provided as Attachment C Economic Feasibility 10.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

Response

One alternative was to keep the pediatric services in the BMHM Emergency Department. The BMHM ED is primarily filled with adult patients. The specialized needs of the pediatric population are being met but the environment cannot be focused on pediatrics. While the treatment rooms are dedicated, the waiting and support areas are shared in the larger environment.

Another alternative was to build a freestanding facility. However the benefits of using the ED as flexible space that can meet the needs of pediatric surgical outpatients and other needs would not have been realized. Support services would also have been duplicated in a freestanding location.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

**Response**

This proposed combination of new construction and renovation is the most feasible solution. It allows space to address pediatric patients as the cases shift throughout the day. Unused ED space can fulfill the ambulatory surgery functions in the mornings and the ED patient needs in the ED's busier evening hours.

## CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

**Response**

BMHW is a specialized hospital with relationships to entities throughout the Baptist system that include a Long Term Care Hospital, a Nursing Home and Home Care Organizations. BMH-Memphis also has working relationships with other providers throughout the region.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

**Response**

This proposal will benefit pediatric patients, families and staff in providing an ED facility that will enhance provision of quality services in appropriate space dedicated to pediatric patient and family needs. The MRI equipment will provide a service for people with special focused needs served at the hospital. This project is not anticipated to have any significant negative impact on the Health Care system as a whole since these patients are currently seeking service at BMH-Memphis.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

Response

<u>Service</u>		<u>Job Description</u>	<u>FTE's</u>	<u>Rate</u>
Nurses	2 per Shift	NURSE-REGISTERED	8.40	\$ 31.81
Pharmacist		PHARMACIST-CLINICAL STAFF	0.50	\$ 58.20
Pharmacy Tech		PHARMACY-TECHNICIAN II	0.50	\$ 19.51
Respiratory	1 per Shift	THERAPIST-RESPIRATORY REGISTER	4.20	\$ 23.51
Radiology		TECHNOLOGIST-RADIOLOGY	0.91	\$ 27.80
Radiology-MRI		TECHNOLOGIST-CT	1.00	\$ 27.80
Lab		TECHNOLOGIST-MEDICAL	0.52	\$ 29.51
Admissions		REPRESENTATIVE-ADMIS/CERTIFIED	3.67	\$ 13.88
EVS	1 per Shift	HOUSEKEEPER	4.20	\$ 11.42
Facilities	2nd Shift	MECHANIC	1.00	\$ 26.17
F&N		FSA II	2.00	\$ 11.53
Security	2nd/3rd Shift	SECURITY OFFICER	1.40	\$ 13.88
Case Manager		CASE MANAGER EXEMPT	1.07	\$ 30.00
Social Worker	2nd Shift	SOCIAL WORKER-CLINICAL	1.00	\$ 25.00
Business Office		REPRESENTATIVE-PATIENT FINANCE	1.20	\$ 15.30

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

Response

Since most staff are already actively involved, recruitment difficulties are not anticipated.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs*, record keeping, and staff education.

Response

BMHW is an established Joint Commission accredited hospital licensed by the Tennessee Department of Health. The facility understands requirements and regulations concerning physician supervision, credentialing, admission privileges, quality



assurance policies and programs, utilization review policies and programs, record keeping and staff education.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Response

Baptist Memorial Health Care Corporation and BMHW are strong supporters of educational opportunities throughout the region. Baptist's Philosophy and Mission for the system states that, "... it seeks to ENCOURAGE, GUIDE, and INSTRUCT those individuals entering into professions related to the healing of the body, mind and spirit."

Baptist Memorial College of Health Sciences was chartered in 1994 as a specialized college offering baccalaureate degrees in nursing and in allied health sciences as well as continuing education opportunities for healthcare professionals.

The four year BHS degree includes radiology training in areas of radiation therapy, nuclear medicine, diagnostic medical services, and radiographic technology.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

Response

BMHW has reviewed and understands the licensure requirements of the Department of Health and applicable Medicare requirements.

- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: Tennessee Department of Health

Accreditation: Joint Commission

- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

Response

The current license is provided as an attachment.

- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

Response

The last completed licensure/certification survey with an approved plan of correction is included as an attachment.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

Response

There are no final orders or judgments to report.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

Response

There are no final civil or criminal judgments to report.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

Response

BMHW will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

### PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent. 2012 Nov 15 PM 4 22

### Response

A page from the Commercial Appeal is provided.

### DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

Memphis, Tenn.

Notices: 520

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any statutory right of redemption of any interest in real property owned by a natural person; any priority or encumbrances on any real property; or any priority or encumbrances on any real property owned by a fixture filling a void in the title to any real property.

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any prior liens or encumbrances as well as any priority created by the filing; and to assure that an accurate record of the premises

disclose. In addition, the following parties may have an interest in this referenced project:

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REGISTER'S OFFICE  
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COUNTY, TENNESSEE.  
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to & Kirsch,  
Institute Trustee

Shapiro & Associates, LLP  
10000 Highway 100, Suite 100  
Baltimore, MD 21286  
Tel: 410.528.1100  
Fax: 410.528.1101  
www.shapiroattorneys.com  
Office of Shapiro &  
Associates, LLP  
10000 Highway 100, Suite 100  
Baltimore, MD 21286  
Tel: 410.528.1100  
Fax: 410.528.1101  
www.shapiroattorneys.com

(901) 767-5566  
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## PROJECT COMPLETION FORECAST CHART

2012 NOV 28 PM 2:45

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c):

Assuming the CON approval becomes the final agency action on that Feb 27, 2013; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. <u>Architectural and engineering contract signed</u>	<u>10</u>	<u>03/2013</u>
2. <u>Construction documents approved by the Tennessee Department of Health</u>	<u>55</u>	<u>04/2013</u>
3. <u>Construction contract signed</u>	<u>70</u>	<u>05/2013</u>
4. <u>Building permit secured</u>	<u>90</u>	<u>05/2013</u>
5. <u>Site preparation completed</u>	<u>120</u>	<u>06/2013</u>
6. <u>Building construction commenced</u>	<u>120</u>	<u>06/2013</u>
7. <u>Construction 40% complete</u>	<u>330</u>	<u>01/2014</u>
8. <u>Construction 80% complete</u>	<u>519</u>	<u>07/2014</u>
9. <u>Construction 100% complete (approved for occupancy)</u>	<u>673</u>	<u>01/2015</u>
10. <u>*Issuance of license</u>	<u>700</u>	<u>02/2015</u>
11. <u>*Initiation of service</u>	<u>725</u>	<u>02/2015</u>
12. <u>Final Architectural Certification of Payment</u>	<u>785</u>	<u>04/2015</u>
13. <u>Final Project Report Form (HIF0055)</u>	<u>845</u>	<u>06/2015</u>

\* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

**AFFIDAVIT**STATE OF Tennessee

2012 NOV 15 PM 4 22

COUNTY OF Shelby

Arthur Maples, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.



SIGNATURE/TITLE

Sworn to and subscribed before me this 13<sup>th</sup> day of November, 2012 a Notary  
(Month) (Year)

Public in and for the County/State of Tennessee.




NOTARY PUBLIC

My commission expires \_\_\_\_\_,  
(Month/Day) (Year)

My Commission Expires:  
 February 15, 2016

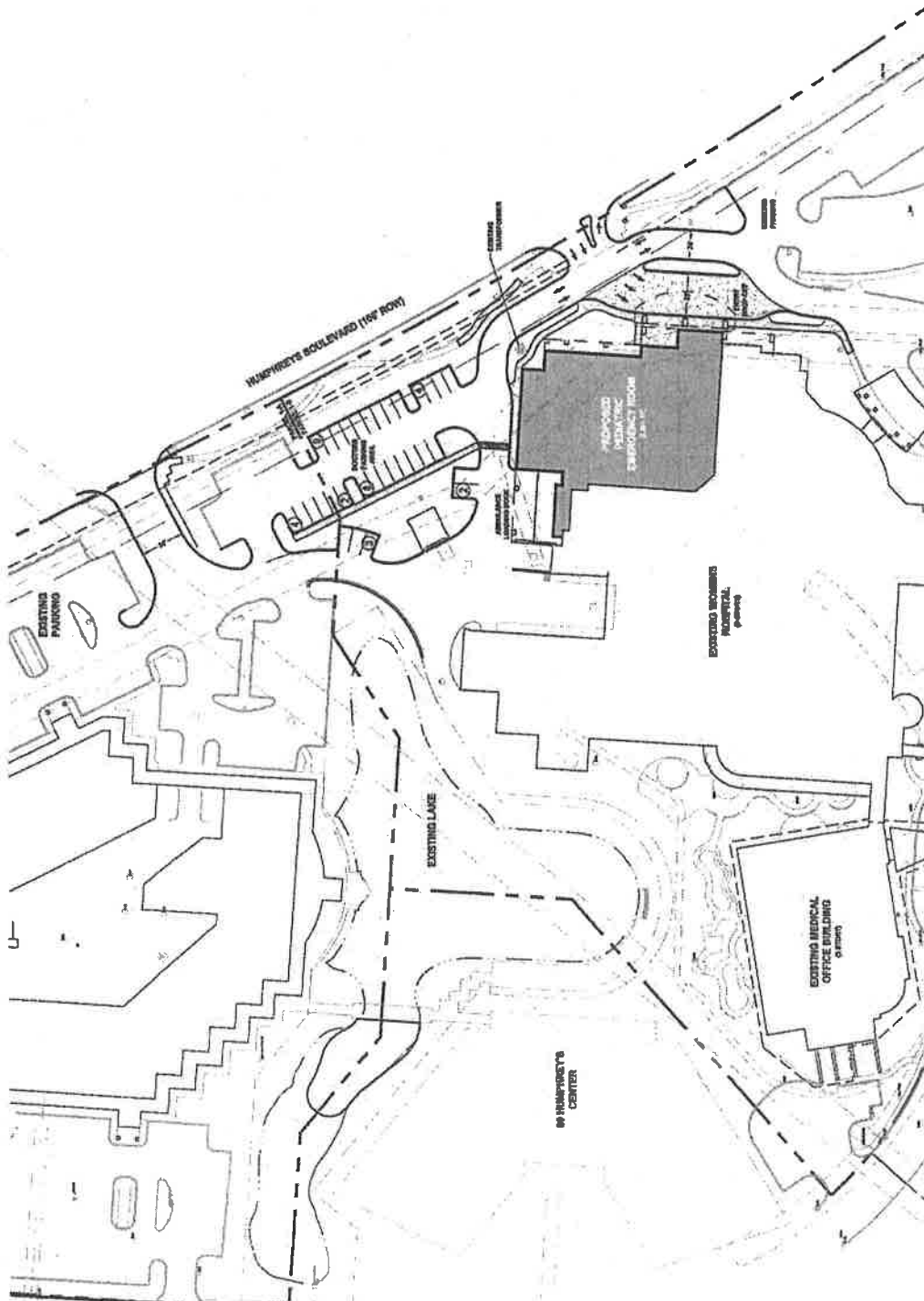
**INDEX OF ATTACHMENTS**

Organizational Documentation	Section A-3
Organizational Chart	Section A-4
Deed	Section A-6
Plot Plan	Section B, III, A (1)
Floor Plan	Section B, IV
Service Area Map	Section C, 3
Architect Letter and Equipment Quotes	Economic Feasibility 1
Chief Financial Officer Letter	Economic Feasibility 2(E)
Balance Sheet and Income Statements	Economic Feasibility, 10
License	Orderly Development 7 (c)
State Survey/Inspection	Orderly Development 7 (d)

## **Plot Plan**

### **Section B, III, A (1)**





BAPTIST MEMORIAL HOSPITAL  
MEMPHIS, TENNESSEE

# CONCEPTUAL SITE PLAN

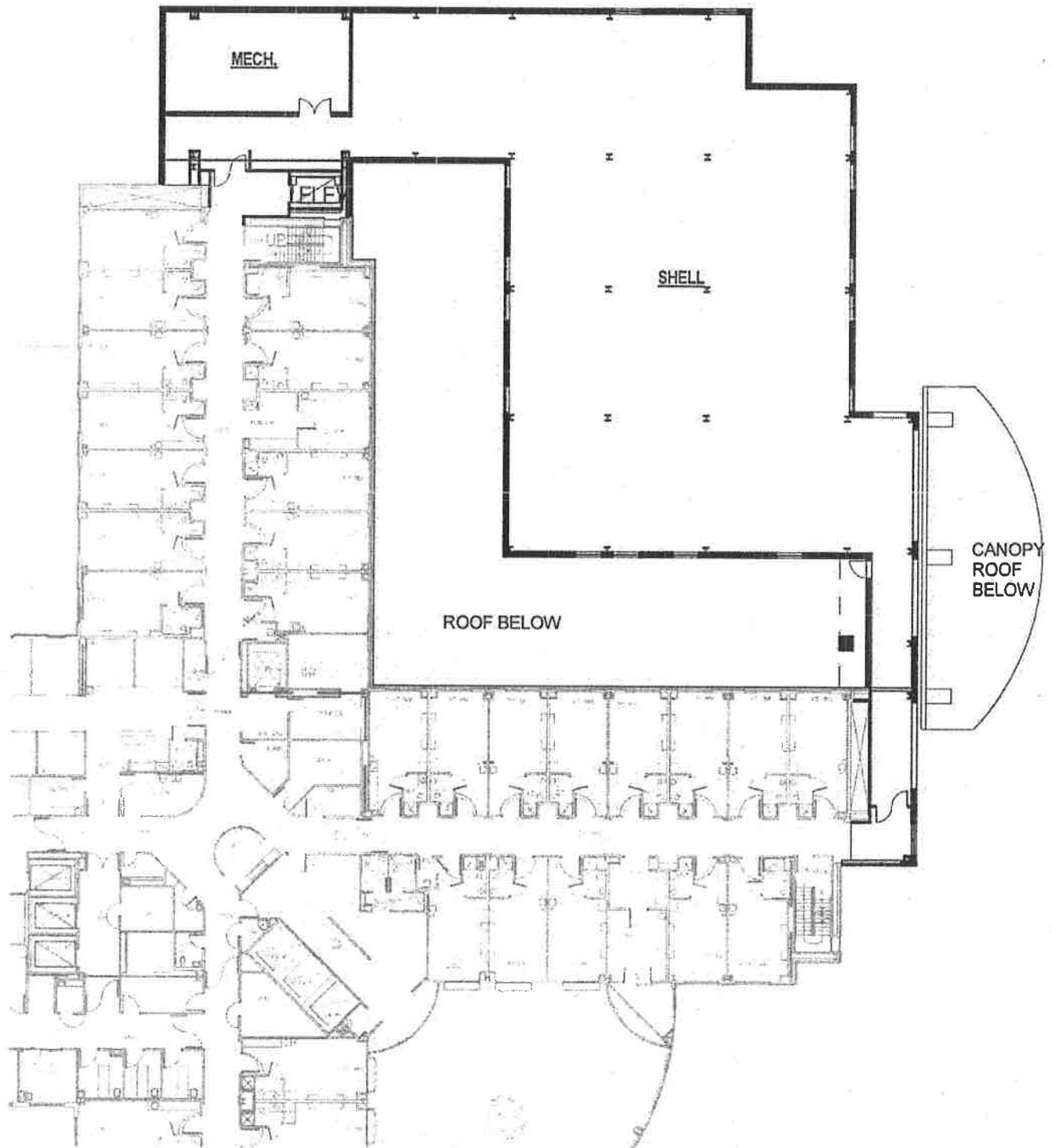
November 2012

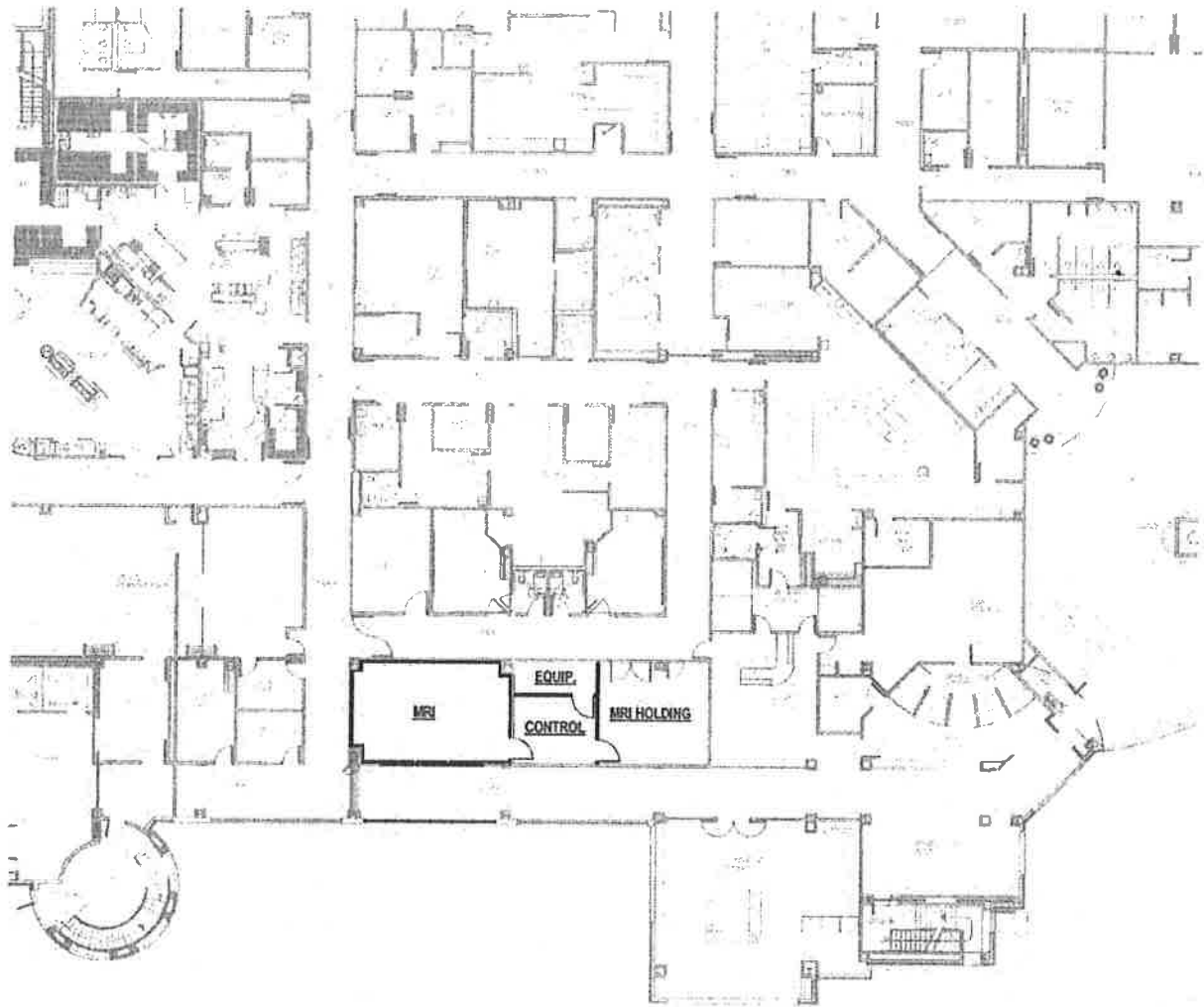
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## **Floor Plan**

### **Section B, IV**







## **Service Area Map**

### **Section C, 3**



## **Architect Letter and Equipment Quotes**

### **Economic Feasibility 1**





November 12, 2012

Ms. Melanie Hill  
Executive Director  
Tennessee Health Services and Development Agency  
8<sup>th</sup> Floor – Andrew Jackson Building, Suite 850  
Nashville, TN 37242

**RE: PEDIATRIC EMERGENCY DEPARTMENT ADDITION AND MRI ACQUISITION  
BAPTIST MEMORIAL HOSPITAL FOR WOMEN**

Dear Ms. Hill:

This letter will denote that ESa has reviewed the site preparation and construction costs indicated as \$1,055,495 and \$8,924,353 for the referenced project and find the costs to be reasonable for the described scope of work. The construction costs have considered recent market conditions and inflation projections. We have also estimated Architectural and Engineering fees of \$938,650 for the project.

Thank you.

Sincerely,

**EARL SWENSSON ASSOCIATES, INC.**

Harold D. Petty, AIA  
Director of Medical Design/Principal



November 12, 2012

Ms. Melanie Hill  
Executive Director  
Tennessee Health Services and Development Agency  
8<sup>th</sup> Floor – Andrew Jackson Building, Suite 850  
Nashville, TN 37242

**RE: PEDIATRIC EMERGENCY DEPARTMENT ADDITION AND MRI ACQUISITION  
BAPTIST MEMORIAL HOSPITAL FOR WOMEN**

Dear Ms. Hill:

This letter will affirm that to the best of our knowledge, the design intended for the construction of the referenced facility will be in accordance with the following primary codes and standards. This listing may not be entirely inclusive but the intent is for all applicable codes and standards, State or Local, to be addressed during the design process.

- AIA Guidelines for the Design and Construction of Healthcare Facilities
- Standard Building Code (current edition enforced at the time of plan submission)
- Standard Mechanical Code
- Standard Plumbing Code
- Standard Gas Code
- NFPA Life Safety Code
- Rules of Tennessee Department of Health and Environment Board for Licensing Healthcare Facilities
- Americans with Disabilities Act
- North Carolina Handicap Code

Thank you.

Sincerely,

**EARL SWENSSON ASSOCIATES, INC.**

Harold D. Petty, AIA  
Director of Medical Design/Principal

# J. F. Medical Imaging LLC.

Superior Pre-Owned Medical Imaging Systems

Date: November 8, 2012

Johnny Stanford and Baptist Memorial-Memphis  
(901) 226-5000  
6019 Walnut Grove Rd.  
Memphis, TN. 38120

**MRI**

Dear Mr. Stanford,

J. F. Medical Imaging, LLC. is pleased to propose the following:  
J. F. Medical Imaging, LLC. will pay \$ 100,000.00 for the equipment listed below:

## **GE CXK4 MRI with 11X Software and Full List of Coils**

**Please allow a 3 week notice for beginning of de-install.**

Due to Sabbath De-installs will be unable to be performed on Fridays and Saturday Mornings.

SYSTEM TO BE AVAILABLE ON OR BEFORE January 31, 2013.

All available parts and components.

This offer is valid only with a signed PO for a GE Healthcare Replacement MRI.

This offer is valid until November 14, 2012.

J. F. Medical Imaging, LLC. will be responsible for De-install/Rigging/Removal of above said system and shall take possession of and responsibility for the system at the time that the De-install/Rigging/Removal commences.

(Rigging Must Be Less Than \$ 10,000.00 Each System.)

Facility will be responsible for any Cost of Construction to the properties for clear access to above system.

Upon Authorized Signature the Facility agrees that if IT sells above said system to another company not associated with J. F. Medical Imaging, LLC. Facility will pay J. F. Medical Imaging, LLC. 30% of the Offer Price listed above.

Facility or its agents will not disconnect any components with reference to above said system.

System is to be free of all liens and encumbrances.

System is to be fully operational upon de-install/removal.

System will be paid in full via wire/cashier's check prior to pick up.

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
Date

Sincerely,



Tim Meadows  
CEO/President

## **Chief Financial Officer Letter**

### **Economic Feasibility 2(E)**

## BAPTIST MEMORIAL HEALTH CARE CORPORATION

November 14, 2012

Ms Melanie Hill, Executive Director  
Health Services and Development Agency  
Andrew Jackson Building  
500 Deaderick Street, Suite 850  
Nashville, Tennessee 37243

RE: Baptist Memorial Hospital for Women  
Pediatric Emergency Department Addition and MRI Acquisition

Dear Ms Hill:


As the Chief Financial Officer of Baptist Memorial Health Care Corporation (BMHCC), I have reviewed the financial statements and requirements in the certificate of need application for the Pediatric Emergency Department addition and MRI acquisition that has an anticipated cost, for CON purposes, of approximately \$14,105,241. Funds to complete the project as described are available through BMHCC affiliated entities.

The proposed department will be owned and operated by Baptist Memorial Hospital for Women that is affiliated with Baptist Memorial Hospital - Memphis.

Financial statements have been provided for Baptist Memorial Hospital for Women that accurately reflect the operations as audited by Deloitte & Touche as part of the combined financial statements of Baptist Memorial Health Care Corporation. Also provided are financial statements demonstrating that Baptist Memorial Hospital - Memphis has the available resources to fund the project.

Please contact me if you need additional information.

Sincerely,



Donald R. Pounds  
Chief Financial Officer

## **Balance Sheet and Income Statements**

### **Economic Feasibility, 10**

BMH-WOMENS  
BALANCE SHEET  
12 MONTHS ENDED SEPTEMBER 30  
Unaudited

	2011	2010	2009
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	4,785	4,745	4,245
Patient accounts receivable, net	8,230,825	7,703,967	5,984,306
Other Receivables	206,724	193,808	291,271
Third party settlements	301,718	294,618	300,518
Supplies, Inventory and Prepaid	850,028	844,634	791,875
Total current assets	<u>9,594,081</u>	<u>9,041,773</u>	<u>7,372,215</u>
<b>INVESTMENTS</b>			
PROPERTY AND EQUIPMENT, net	64,398,213	66,586,940	67,673,259
OTHER ASSETS			
<b>TOTAL ASSETS</b>	<u>73,992,293</u>	<u>75,628,713</u>	<u>75,045,474</u>
<b>CURRENT LIABILITIES:</b>			
Current portion-long-term debt & CLO			
Accounts payable	915,707	835,492	411,687
Due to affiliates	1,074,258	1,760,219	878,695
Third party settlements			
Accrued expenses and other current	3,440,359	3,512,482	3,082,833
Total current liabilities	<u>5,430,324</u>	<u>6,108,193</u>	<u>4,373,216</u>
<b>LONG-TERM DEBT and CLO</b>			
<b>LONG-TERM DEBT to AFFILIATES</b>	34,300,098	38,318,684	41,550,631
<b>OTHER LONG-TERM LIABILITIES</b>			
<b>FUND BALANCE (DEFICIT)</b>	<u>34,261,872</u>	<u>31,201,836</u>	<u>29,121,627</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<u>73,992,293</u>	<u>75,628,713</u>	<u>75,045,474</u>

BMH-WOMENS  
STATEMENT OF REVENUES AND EXPENSES  
12 MONTHS ENDED SEPTEMBER 30  
Unaudited

	2011	2010	2009
<b>UNRESTRICTED REVENUES AND OTHER SUPPORT:</b>			
Net patient service revenue	67,506,107	66,183,105	69,094,854
Other revenue	2,756,418	2,540,315	1,864,944
Total unrestricted revenues and other support	<u>70,262,525</u>	<u>68,723,420</u>	<u>70,959,797</u>
<b>EXPENSES:</b>			
Salaries and benefits	38,032,757	36,607,650	37,666,373
Supplies	10,214,555	10,087,939	10,131,883
Purchased Services and other	4,391,146	4,263,162	4,642,471
Management fees	6,113,328	6,335,196	5,974,728
Professional fees	2,050,646	1,992,810	1,783,529
Depreciation and amortization	4,192,611	3,980,296	3,551,427
Interest	1,771,274	1,689,024	690,136
Provision for bad debts	2,112,465	1,133,131	2,182,327
Total Expenses	<u>68,878,781</u>	<u>66,089,210</u>	<u>66,622,874</u>
<b>NONOPERATING INCOME(EXPENSE):</b>			
	<u>(507,268)</u>	<u>(269,141)</u>	<u>167,130</u>
<b>REVENUES IN EXCESS OF EXPENSES</b>			
	<u>876,476</u>	<u>2,365,069</u>	<u>4,504,054</u>



BMH-MEMPHIS  
BALANCE SHEET  
12 MONTHS ENDED SEPTEMBER 30  
Unaudited

	2011	2010	2009	2008
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	186,084,744	217,083,811	171,275,016	112,905,507
Patient accounts receivable, net	66,983,817	64,083,110	58,279,655	61,611,658
Other Receivables	15,210,227	15,191,387	14,305,077	12,664,414
Third party settlements	3,970,657	5,591,661	9,821,014	2,609,069
Supplies, Inventory and Prepaid	16,342,975	15,702,762	16,559,835	14,850,885
Total current assets	<u>288,592,420</u>	<u>317,652,731</u>	<u>270,240,596</u>	<u>204,641,533</u>
<b>INVESTMENTS</b>	732,471	597,424	3,421,677	2,316,915
<b>PROPERTY AND EQUIPMENT, net</b>	197,690,647	199,796,666	209,555,994	211,242,758
<b>OTHER ASSETS</b>	115,813,276	129,261,495	138,340,478	150,128,204
<b>TOTAL ASSETS</b>	<u>602,828,814</u>	<u>647,308,316</u>	<u>621,558,745</u>	<u>568,329,410</u>
<b>CURRENT LIABILITIES:</b>				
Current portion-long-term debt & CLO	15,235,000	14,630,000	13,640,000	12,775,000
Accounts payable	7,614,319	18,973,275	7,252,048	8,822,098
Due to affiliates	(1,713,670)	1,987,007	8,180,134	(9,835,959)
Third party settlements	4,591,585	2,391,096	2,391,096	6,002,218
Accrued expenses and other current	26,595,006	22,006,973	21,139,175	21,399,262
Total current liabilities	<u>52,322,240</u>	<u>59,988,351</u>	<u>52,602,453</u>	<u>39,162,618</u>
<b>LONG-TERM DEBT and CLO</b>	131,872,732	147,322,892	159,780,000	173,420,000
<b>POST RETIREMENT BENEFIT OBLIGATION</b>	30,324,823	29,918,325	31,959,438	27,630,967
<b>OTHER LONG-TERM LIABILITIES</b>	2,138,048	2,170,941	2,203,834	2,236,727
<b>FUND BALANCE (DEFICIT)</b>	<u>386,170,972</u>	<u>407,907,808</u>	<u>375,013,020</u>	<u>325,879,098</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<u>602,828,814</u>	<u>647,308,316</u>	<u>621,558,745</u>	<u>568,329,410</u>

BMH-MEMPHIS  
STATEMENT OF REVENUES AND EXPENSES  
12 MONTHS ENDED SEPTEMBER 30  
Unaudited

	2011	2010	2009	2008
UNRESTRICTED REVENUES AND OTHER SUPPORT:				
Net patient service revenue	498,881,984	497,462,698	504,893,566	478,580,293
Other revenue	15,453,287	16,137,294	14,045,914	14,462,669
Total unrestricted revenues and other support	<u>514,335,271</u>	<u>513,599,992</u>	<u>518,939,481</u>	<u>493,042,962</u>
EXPENSES:				
Salaries and benefits	196,939,281	188,486,524	188,995,399	189,740,832
Supplies	130,154,044	127,655,043	130,515,438	124,247,206
Purchased Services and other	28,290,078	28,294,088	29,807,439	34,194,663
Management fees	48,849,348	44,558,976	42,187,353	43,849,019
Professional fees	22,407,905	20,595,504	19,217,441	18,813,225
Depreciation and amortization	23,906,837	22,969,303	23,103,058	23,471,138
Interest	952,715	908,476	128,800	1,119,466
Provision for bad debts	48,833,577	41,616,620	40,386,119	36,760,672
Total Expenses	<u>500,333,785</u>	<u>475,086,533</u>	<u>474,341,046</u>	<u>472,196,221</u>
NONOPERATING INCOME(EXPENSE):	9,785,270	4,770,296	(186,094)	(233,444)
REVENUES IN EXCESS OF EXPENSES	<u>23,786,756</u>	<u>43,283,754</u>	<u>44,412,340</u>	<u>20,613,297</u>

# Deloitte.

Deloitte & Touche LLP  
100 Peabody Place  
Suite 800  
Memphis, TN 38103-0830  
USA

Tel: +1 901 322 6700  
Fax: +1 901 322 6799  
www.deloitte.com

December 20, 2011

The Boards of Directors  
Baptist Memorial Health Care Corporation and Affiliates  
350 North Humphreys Boulevard  
Memphis, Tennessee 38120

As set forth in our independent auditors' reports dated December 20, 2011, we have audited the combined financial statements of Baptist Memorial Health Care Corporation and the separate financial statements of certain affiliates (see Exhibit I) as of and for the year ended September 30, 2011. The objective of our audits was to express an opinion on those financial statements and, accordingly, we performed no procedures directed toward performing a separate financial statement audit of other affiliates of Baptist Memorial Health Care Corporation.

In connection with our audits, we advise you that:

1. We are independent under the requirements of the American Institute of Certified Public Accountants with respect to Baptist Memorial Health Care Corporation and its affiliates.
2. We expressed unqualified auditors' opinions on the financial statements of the entities referred to above.

We have not audited any financial statements of Baptist Memorial Health Care Corporation and its affiliates subsequent to September 30, 2011, or performed any audit procedures subsequent to the dates of our reports.

*Deloitte & Touche LLP*

**EXHIBIT I**

Certain affiliates of Baptist Memorial Health Care Corporation whose separate financial statements as of and for the year ended September 30, 2011 were audited by Deloitte & Touche LLP:

- Baptist Memorial College of Health Sciences
- Baptist Memorial Health Care Foundation
- Baptist Memorial Hospital — Union County



September 8, 2011

Re: # 7869

CCN: #440048

Program: Hospital

Accreditation Expiration Date: September 11, 2014

Derick Ziegler  
CEO  
Baptist Memorial Hospital  
6019 Walnut Grove Road  
Memphis, Tennessee 38120

Dear Mr. Ziegler:

This letter confirms that your June 06, 2011 - June 10, 2011 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on August 19, 2011 and August 12, 2011, the areas of deficiency listed below have been removed. The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of June 11, 2011. We congratulate you on your effective resolution of these deficiencies.

- §482.11 Condition of Participation: Compliance with Federal, State and Local Laws
- §482.23 Condition of Participation: Nursing Services
- §482.24 Condition of Participation: Medical Record Services
- §482.26 Condition of Participation: Radiologic Services
- §482.41 Condition of Participation: Physical Environment

The Joint Commission is also recommending your organization for continued Medicare certification effective June 11, 2011. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation also applies to the following location(s):

Baptist Memorial Hospital  
d/b/a Baptist Memorial Hospital - Memphis Campus  
6019 Walnut Grove Road, Memphis, TN, 38120

Baptist Memorial Hospital - Collierville Campus  
1500 West Poplar, Collierville, TN, 38017

[www.jointcommission.org](http://www.jointcommission.org)

**Headquarters**  
One Renaissance Boulevard  
Oakbrook Terrace, IL 60181  
630 792 5000 Voice



Baptist Memorial Hospital for Women Mammography  
4545 Poplar Avenue, Memphis, TN, 38117

Baptist Memorial Hospital for Women  
6225 Humphreys Blvd., Memphis, TN, 38120

Baptist Rehab  
440 Powell Road, Collierville, TN, 38017

Outpatient Rehab East  
50 Humphreys Boulevard, Suite 36, Memphis, TN, 38120

Stern Cardiovascular Clinic Outpatient Diagnostics  
8060 Wolf River Boulevard, Germantown, TN, 38138

Women's Health Center  
50 Humphreys Boulevard, Suite 23, Memphis, TN, 38120

We direct your attention to some important Joint Commission policies. First, your Medicare report is publicly accessible as required by the Joint Commission's agreement with the Centers for Medicare and Medicaid Services. Second, Joint Commission policy requires that you inform us of any changes in the name or ownership of your organization, or health care services you provide.

Sincerely,

*Ann Scott Blouin RN, Ph.D.*

Ann Scott Blouin, RN, Ph.D.  
Executive Vice President  
Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services  
CMS/Regional Office 4 /Survey and Certification Staff



The Joint Commission



Quality Check

## Accreditation Quality Report

- > Summary of Accreditation Quality Information
- > Accredited Programs
- > Accreditation National Patient Safety Goals
- > Sites and Services
- > Accreditation History
- > Download Accreditation PDF Report
- > Download Accreditation PDF Report - Include Quarterly Data
- > Accreditation Quality Report User Guide
- > Organization's Commentary

## Certification Quality Report

- > View Certification Quality Report

## Quality Report

### Summary of Quality Information



**Baptist Memorial Hospital**  
Org ID: 7869  
6019 Walnut Grove Road  
Memphis, TN 38120  
(901)226-0505  
BMHCC.org

#### Accreditation Programs

Hospital

#### Accreditation Decision

Accredited

#### Effective Date

6/11/2011

#### Last Full Survey Date

6/10/2011

#### Last On-Site Survey Date

6/10/2011

Accreditation programs recognized by the Centers for Medicare and Medicaid Services (CMS)  
Hospital

#### Advanced Certification Programs

Ventricular Assist Device

#### Certification Decision

Certification

#### Effective Date

5/21/2011

#### Last Full Review Date

5/20/2011

#### Last On-Site Review Date

5/20/2011

Certification programs recognized by the Centers for Medicare and Medicaid Services (CMS)  
Ventricular Assist Device

### Special Quality Awards

- 2011 Top Performers on Key Quality Measures™
- 2010 Silver - The Medal of Honor for Organ Donation
- 2009 ACS National Surgical Quality Improvement Program

- Top -

#### Symbol Key

- This organization achieved the best possible results
- This organization's performance is above the target range/value.
- This organization's performance is similar to the target range/value.
- This organization's performance is below the target range/value.
- This measure is not applicable for this organization.
- Not displayed

#### Footnote Key

1. The measure or measure set was not

### National Patient Safety Goals and National Quality Improvement Goals

Compared to other Joint  
Commission Accredited  
Organizations

#### Hospital

Reporting Period:  
Apr 2011 -  
Mar 2012

#### 2011 National Patient Safety Goals

See Detail

Nationwide



Statewide



#### National Quality Improvement Goals:

Heart Attack Care

See Detail



Heart Failure Care

See Detail



Perinatal Care

See Detail



Pneumonia Care

See Detail



reported.

2. The measure set does not have an overall result.
3. The number of patients is not enough for comparison purposes.
4. The measure meets the Privacy Disclosure Threshold rule.
5. The organization scored above 90% but was below most other organizations.
6. The measure results are not statistically valid.
7. The measure results are based on a sample of patients.
8. The number of months with measure data is below the reporting requirement.
9. The measure results are temporarily suppressed pending resubmission of updated data.
10. Test Measure: a measure being evaluated for reliability of the individual data elements or awaiting National Quality Forum Endorsement.

### Survey of Patients' Hospital Experiences (see details)

Hospitals voluntarily participate in the Survey of Patients' Hospital Experiences (HCAHPS). Pediatric and psychiatric hospitals are not eligible to participate in the HCAHPS survey based on their patient population.



The Joint Commission only reports measures endorsed by the National Quality Forum.

\* State results are not calculated for the National Patient Safety Goals.

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### Sites and Services

#### \* Primary Location

An organization may provide services not listed here. For more information refer to the [Quality Report User Guide](#).

#### Locations of Care

Baptist Memorial Hospital \*  
6019 Walnut Grove Road  
Memphis, TN 38120

#### Available Services

##### Joint Commission Advanced Certification Programs:

- Ventricular Assist Device

##### Services:

- |  |  |
|--|--|
| • Audiology (Inpatient, Outpatient)                          | • Neurology (Inpatient, Outpatient)                            |
| • Bone Marrow Transplant (Inpatient)                         | • Neurosurgery (Inpatient)                                     |
| • Cancer Center/Oncology (Inpatient, Outpatient)             | • Nuclear Medicine (Inpatient, Outpatient)                     |
| • Cardiac Catheterization Lab (Inpatient, Outpatient)        | • Operating Room (Inpatient, Outpatient)                       |
| • Cardiac Surgery (Inpatient, Outpatient)                    | • Ophthalmology/Eye Surgery (Inpatient, Outpatient)            |
| • Cardiac Unit/Cardiology (Inpatient, Outpatient)            | • Oral Maxillofacial Surgery (Inpatient, Outpatient)           |
| • CT Scanner (Inpatient, Outpatient)                         | • Orthopedic Surgery (Inpatient, Outpatient)                   |
| • Dentistry (Inpatient, Outpatient)                          | • Otolaryngology/Ear, Nose, and Throat (Inpatient, Outpatient) |
| • Dermatology (Inpatient, Outpatient)                        | • Outpatient Surgery (Outpatient)                              |
| • Dialysis (Inpatient)                                       | • Pain Management (Inpatient, Outpatient)                      |
| • EEG/EKG/EMG Lab (Inpatient, Outpatient)                    | • Pediatric Care (Inpatient, Outpatient)                       |
| • Emergency Room (Outpatient)                                | • Plastic Surgery (Inpatient, Outpatient)                      |
| • Endocrinology (Inpatient, Outpatient)                      | • Podiatry (Inpatient, Outpatient)                             |
| • Family Practice (Inpatient, Outpatient)                    | • Post Anesthesia Care Unit (PACU) (Inpatient, Outpatient)     |
| • Gastroenterology (Inpatient, Outpatient)                   | • Pulmonary Function Lab (Inpatient, Outpatient)               |
| • General Medical Services (Inpatient, Outpatient)           | • Radiation Oncology (Inpatient, Outpatient)                   |
| • General Surgery (Inpatient, Outpatient)                    | • Rehabilitation and Physical Medicine (Inpatient, Outpatient) |
| • GI or Endoscopy Lab (Inpatient, Outpatient)                | • Respiratory Care (Ventilator) (Inpatient)                    |
| • Gynecology (Inpatient, Outpatient)                         | • Rheumatology (Inpatient, Outpatient)                         |
| • Hematology/Blood Treatment (Inpatient, Outpatient)         | • Skilled Nursing Facility (Inpatient)                         |
| • Imaging/Radiology (Inpatient, Outpatient)                  | • Subacute Care (Inpatient)                                    |
| • Infectious Diseases (Inpatient, Outpatient)                | • Telemetry (Inpatient)  |
| • Infusion Therapy (Inpatient, Outpatient)                   | • Thoracic Surgery (Inpatient)                                 |
| • Intensive Care Unit (Inpatient)                            | • Ultrasound (Inpatient, Outpatient)                           |
| • Internal Medicine (Inpatient, Outpatient)                  | • Urgent Care/Emergency Medicine (Outpatient)                  |
| • Lithotripsy/Kidney Stone Treatment (Inpatient, Outpatient) | • Urology (Inpatient, Outpatient)                              |
| • Magnetic Resonance Imaging (Inpatient, Outpatient)         | • Vascular Surgery (Inpatient, Outpatient)                     |
| • Nephrology (Inpatient,                                     | • Wound Care (Inpatient, Outpatient)                           |



Baptist Memorial Hospital -  
Collierville Campus  
1500 West Poplar  
Collierville, TN 38017

Outpatient)

- Acute Coronary Syndrome (Inpatient, Outpatient)
- Amyotrophic Lateral Sclerosis (Inpatient, Outpatient)
- Arthritis (Inpatient)
- Asthma (Inpatient, Outpatient)
- Asthma, Pediatrics (Inpatient, Outpatient)
- Atrial Fibrillation (Inpatient)
- Benign prostatic hyperplasia (BPH) (Inpatient)
- Bipolar disorder (Outpatient)
- Breast Cancer (Inpatient, Outpatient)
- Cardiac Unit/Cardiology (Inpatient)
- Cellulitis (Inpatient, Outpatient)
- Cervical Spine Treatment (Inpatient, Outpatient)
- Chronic Kidney Disease (Inpatient, Outpatient)
- Chronic Obstructive Pulmonary Disease (Inpatient, Outpatient)
- Coagulopathy Treatment (Inpatient, Outpatient)
- Colon/Rectal Cancer (Inpatient, Outpatient)
- Coronary Artery Disease (Inpatient, Outpatient)
- CT Scanner (Inpatient, Outpatient)
- Diabetes Mellitus (Inpatient, Outpatient)
- Dialysis (Inpatient)
- EEG/EKG/EMG Lab (Inpatient)
- Emergency Room (Outpatient)
- End Stage Renal Disease (Inpatient, Outpatient)
- Family Practice (Inpatient)
- Finger Joint Replacement (Inpatient, Outpatient)
- Gastroenterology (Inpatient)
- Gastroesophageal Reflux Disease (Inpatient, Outpatient)
- General Medical Services (Inpatient)
- General Surgery (Inpatient)
- GI or Endoscopy Lab (Inpatient)
- Head Injury (Inpatient, Outpatient)
- Health and Wellness (Outpatient)
- Heart Failure (Inpatient, Outpatient)
- Hematology/Blood Treatment (Inpatient)
- Hemophilia (Inpatient, Outpatient)
- Hip Joint Replacement (Inpatient, Outpatient)
- HIV/AIDS (Inpatient, Outpatient)
- Hyperbilirubinemia (Inpatient, Outpatient)
- Hyperlipidemia (Inpatient, Outpatient)
- Hypertension (Inpatient, Outpatient)
- Hyperthyroidism/Hypothyroidism (Inpatient, Outpatient)
- Imaging/Radiology (Inpatient, Outpatient)
- Infectious Diseases (Inpatient)
- Infusion Therapy (Inpatient, Outpatient)
- Intensive Care Unit (Inpatient)
- Internal Medicine (Inpatient)
- Joint Replacement - Shoulder (Inpatient)
- Laminectomy (Inpatient, Outpatient)
- Liver Diseases (Inpatient, Outpatient)
- Low Back Pain (Inpatient, Outpatient)
- Lumbar Spine Treatment (Inpatient, Outpatient)
- Lung Cancer (Inpatient)
- Magnetic Resonance Imaging (Inpatient, Outpatient)
- Microdiscectomy (Inpatient, Outpatient)
- Migraine Headache (Inpatient, Outpatient)
- Multiple Sclerosis (Inpatient, Outpatient)
- Nephrology (Inpatient)
- Neurology (Inpatient)
- Nuclear Medicine (Inpatient, Outpatient)
- Nutrition Programs (Inpatient, Outpatient)
- Occupational Health (Inpatient, Outpatient)
- Operating Room (Inpatient, Outpatient)
- Ophthalmology/Eye Surgery (Inpatient, Outpatient)
- Oral Maxillofacial Surgery (Inpatient, Outpatient)
- Orthopedic Surgery (Inpatient, Outpatient)
- Osteoporosis (Inpatient, Outpatient)
- Otolaryngology/Ear, Nose, and Throat (Inpatient, Outpatient)
- Outpatient Surgery (Outpatient)
- Pancreatitis (Inpatient, Outpatient)
- Pathology (Inpatient, Outpatient)
- Perimenopause (Inpatient, Outpatient)
- Pneumonia (Inpatient, Outpatient)
- Post Anesthesia Care Unit (PACU) (Inpatient, Outpatient)
- Pulmonary Function Lab (Inpatient, Outpatient)
- Rehabilitation and Physical Medicine (Inpatient, Outpatient)
- Respiratory Care (Ventilator) (Inpatient)
- Respiratory Failure (Inpatient, Outpatient)
- Rheumatology (Inpatient)
- Sexually Transmitted Disease (Inpatient, Outpatient)
- Sickle Cell Disease (Inpatient, Outpatient)
- Sleep Center (Outpatient)
- Sleeping Disorder (Outpatient)
- Spinal Fusion (Inpatient, Outpatient)
- Spine Care (Inpatient, Outpatient)
- Sports Medicine (Inpatient, Outpatient)
- Stroke Rehabilitation

- Interventional Radiology (Outpatient)
- Irritable Bowel Syndrome (Inpatient, Outpatient)
- Ischemic Heart Disease (Inpatient, Outpatient)
- Joint Replacement - Ankle (Inpatient)
- Joint Replacement - Finger (Inpatient)
- Joint Replacement - Knee (Inpatient, Outpatient)
- (Inpatient, Outpatient)
- Subacute Care (Inpatient)
- Telemetry (Inpatient)
- Thoracic Spine (Inpatient, Outpatient)
- Traumatic Brain Injury (Inpatient)
- Tuberculosis (Inpatient, Outpatient)
- Ultrasound (Inpatient, Outpatient)
- Urology (Inpatient, Outpatient)
- Vascular Disease (Inpatient, Outpatient)
- Vascular Surgery (Inpatient, Outpatient)
- Women's Health (Outpatient)
- Wound Care (Inpatient, Outpatient)

Baptist Memorial Hospital for Women Mammography  
4545 Poplar Avenue  
Memphis, TN 38117

- General Outpatient Services (Outpatient)

Baptist Memorial Hospital for Women  
6225 Humphreys Blvd.  
Memphis, TN 38120

- Audiology (Inpatient)
- CT Scanner (Inpatient, Outpatient)
- EEG/EKG/EMG Lab (Inpatient, Outpatient)
- General Medical Services (Inpatient)
- General Surgery (Inpatient, Outpatient)
- Gynecology (Inpatient)
- Hematology/Blood Treatment (Inpatient, Outpatient)
- Imaging/Radiology (Inpatient, Outpatient)
- Intensive Care Unit (Inpatient)
- Labor & Delivery (Inpatient)
- Neonatal Intensive Care (Inpatient)
- Nuclear Medicine (Inpatient, Outpatient)
- Nursery (Inpatient)
- Obstetrics (Inpatient)
- Operating Room (Inpatient, Outpatient)
- Outpatient Surgery (Outpatient)
- Plastic Surgery (Inpatient, Outpatient)
- Post Anesthesia Care Unit (PACU) (Inpatient, Outpatient)
- Respiratory Care (Ventilator) (Inpatient)
- Ultrasound (Inpatient, Outpatient)
- Urology (Inpatient, Outpatient)

Baptist Rehab  
440 Powell Road  
Collierville, TN 38017

- General Outpatient Services (Outpatient)

Outpatient Rehab East  
50 Humphreys Boulevard, Suite 36  
Memphis, TN 38120

- General Outpatient Services (Outpatient)

Stern Cardiovascular Clinic  
Outpatient Diagnostics  
8060 Wolf River Boulevard  
Germantown, TN 38138

- Single Specialty Group Practice (Outpatient)

Women's Health Center  
50 Humphreys Boulevard, Suite 23  
Memphis, TN 38120

- General Outpatient Services (Outpatient)

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The Joint Commission obtains information about accredited/certified organizations not only through direct observations by its employees ...**Read more.**

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## **State Survey/Inspection**

### **Orderly Development 7 (d)**

Rec 10/29/07  
Resp. 11/4/07



STATE OF TENNESSEE  
**DEPARTMENT OF HEALTH**  
WEST TENNESSEE HEALTH CARE FACILITIES  
781-B AIRWAYS BOULEVARD  
JACKSON, TENNESSEE 38301-3203

October 25, 2007

Mr. Jason Little, Administrator  
Baptist Memorial Hospital  
6019 Walnut Grove Road  
Memphis, TN 38120

Dear Mr. Little:

Enclosed is the Statement of Deficiencies, which was developed as a result of the full survey after a complaint, completed at your facility on October 18, 2007.

You are requested to submit a **Credible Allegation of Compliance** within ten (10) days after date of this letter with acceptable time frames for correction of the cited deficiencies. Corrective action must be achieved no later than forty-five (45) days from the date of the survey. Please notify this office when these deficiencies are corrected. A revisit must be conducted prior to the forty-fifth (45<sup>th</sup>) day to verify compliance. Once corrective action is confirmed, a favorable recommendation for re-certification will be considered.

The following **Conditions of Participation** have been found to be out of compliance:

A385	482.23	Nursing Services
------	--------	------------------

Also, the following eight (8) standard level deficiencies cited for noncompliance: A166, A168, A175, A395, A396, A459, A468, and A630.

Based on noncompliance with the aforementioned Conditions of Participation, this office is recommending to the CMS Regional Office and/or State Medicaid Agency that your provider agreement be terminated effective January 18, 2008, which is ninety (90) days from the date of the survey. Please be advised that under the disclosure of survey information provisions, the Statement of Deficiencies will be available to the public.

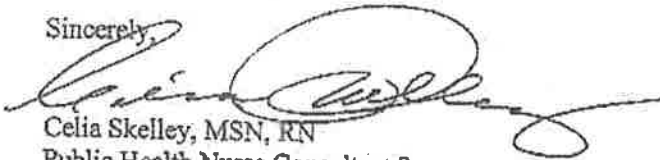
Your plan of correction must contain the following:

- How the deficiency will be corrected;
- How the facility will prevent the same deficiency from recurring.
- The date the deficiency will be corrected;
- How ongoing compliance will be monitored.

If there are any delays in completing your Plan of Correction, please notify this office in writing. Before the plan can be considered "acceptable," it must be signed and dated by the administrator.

Should you have questions or if there is any way this office may be of assistance, please do not hesitate to call 731-421-5113.

Sincerely,



Celia Skelley, MSN, RN  
Public Health Nurse Consultant 2

CS/TW

Enclosure

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 12/22/2004  
\* FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  440048	(X2) MULTIPLE CONSTRUCTION A. BUILDING B. WING _____	(X3) DATE SURVEY  COMPLETED C 8/21/07
NAME OF PROVIDER OR SUPPLIER BAPTIST MEMORIAL HOSPITAL			STREET ADDRESS, CITY, STATE, ZIP CODE 6019 WALNUT GROVE ROAD MEMPHIS, TN 38120	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
A 043	<p><b>482.12 GOVERNING BODY</b> The hospital must have an effective governing body legally responsible for the conduct of the hospital as an institution. If a hospital does not have an organized governing body, the persons legally responsible for the conduct of the hospital must carry out the functions specified in this part that pertain to the governing body.</p> <p>This CONDITION is not met as evidenced by: Based on review of standards of practice, manufacturer's guidelines, governing body meeting minutes, medical record review and interview, it was determined the governing body failed to assume responsibility for the conduct of all hospital personnel and ensure each patient received the highest quality of care consistent with acceptable standards of practice in order to prevent patient injury.</p> <p>The findings included:</p> <p>1. The governing body failed to ensure the hospital provided surgical services in accordance with acceptable standards of practice. Refer to A049</p>	A 043	<p>The BMH CEO immediately notified the BMH Memphis market leader (senior management) of the Immediate Jeopardy citation.</p> <p>The Baptist Memorial Hospital-Memphis Nursing Officer, with the support of the Director of Performance Improvement will have overall responsibility for ensuring the plan of correction.</p>	8/22/07
		AO43 482.12	<p>1. The Governing Body Bylaws Article 3I states: "The Board is responsible for maintaining and evaluating the quality of patient care and safety through the various medical staff and administrative mechanisms including identifying and resolving problems and opportunities for improving patient care and safety." Article 7D states: "The Board shall request and review reports regarding the quality of patient care services." The CEO will present monthly reports to the governing body that will update on: core competency evaluation of anesthesia staff; evidence of mandatory training completion for anesthesia, surgeons, surgical allied</p>	Ongoing
				Ongoing Monthly

LABORATORY DIRECTORS OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

DATE

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  440048	(X2) MULTIPLE CONSTRUCTION A. BUILDING <b>BAPTIST MEMORIAL HOSPITAL</b> B. WING _____		(X3) DATE SURVEY COMPLETED <b>C</b> 8/21/07
NAME OF PROVIDER OR SUPPLIER  <b>BAPTIST MEMORIAL HOSPITAL</b>			STREET ADDRESS, CITY, STATE, ZIP CODE 6019 Walnut Grove Road Memphis, TN 38120		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS- REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
			health professionals, and hospital personnel who assist with invasive procedures.		





STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  440048	(X2) MULTIPLE CONSTRUCTION A. BUILDING BAPTIST MEMORIAL HOSPITAL 2012 NOV 15 PM 4 22	(X3) DATE SURVEY COMPLETED C 8/21/07
NAME OF PROVIDER OR SUPPLIER  BAPTIST MEMORIAL HOSPITAL			STREET ADDRESS, CITY, STATE, ZIP CODE 6019 Walnut Grove Road Memphis, TN 38120	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS- REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
		A043 482.12	<b>Performance Improvement</b> Initially a 90-day focused review via direct observation on 30% of cases will be performed by OR staff. Following focused review, required elements will be monitored monthly and reported quarterly through Operative Invasive Committee and Performance Improvement Committee. These committee reports will be reported quarterly by the CEO to the governing board. The CEO will also in his monthly written report to the board provide any updates to the quality monitors. Policies and procedures (attachments D – K, L and M) have been amended in accordance with AORN, ACOS, ASA and CDC recommendations. These changes to policy and practice will be reported to the board in the monthly board report on September 20, 2007	To begin 9/4/07       9/20/07
	2. The governing body failed to ensure surgeons and anesthesiologists were accountable to the governing body and received the appropriate training to prevent patient injuries. Refer to A 0940 and A 1000	A043	<b>Anesthesia Education</b> Mandatory education for all anesthesia personnel on fire safety and anesthesia responsibility for the safety and security of patients in the operative setting has been completed. Anesthesia personnel will not be allowed to work without documented evidence of training. Compliance of education will be reported to the governing board on September 20, 2007. <b>Contract Amendment</b> The current anesthesia contract states the anesthesiologist group will "use currently accepted methods and practice of medicine, adhere to applicable standards of care, medical ethics, policies and anesthesia protocols and comply with the requirement and standard of Medicare, JCAHO and any other accrediting agencies designated by the hospital, as well as all applicable laws, rules and regulations." The board has approved the current contract. An executed amendment to the current anesthesia contract will be approved at the next board meeting in October 2007, which requires annual fire safety training for all anesthesia providers (attachment AF)	Completed 9/6/07 100% Staff Educated   Completed 9/20/07  Completed 9/6/07  Final Approval 10/2007
		A043	<b>Surgeon Education</b> Surgeons credentialed at Baptist Memorial Hospital received education related to OR fire safety, patient rights and safe use of alcohol	



# **Copy**

## **Supplemental #1**

### **Baptist Memorial Hospital for Women**

#### **CN1211-058**

**SUPPLEMENTAL RESPONSES**

**PEDIATRIC EMERGENCY DEPARTMENT ADDITION  
AND MRI ACQUISITION**

**BAPTIST MEMORIAL HOSPITAL FOR WOMEN**

**CN1211-058**

### 1. Section B. II.A., Project Description

Does Baptist Memorial Hospital for Women (BMH-W) currently operate an emergency department? If not, where do pediatric emergencies go to currently, Baptist Memorial Hospital's-Memphis (BMH-M) main campus, or a different location?

Please explain the current process for admitting pediatric patients for inpatient services who enter the system through the emergency room and how that will change after project completion.

What is the distance between the main entrance of BMH-M and BMH-W? Are there any physical connectors between the two hospitals?

Please discuss in detail the efficiencies in the design of the proposed pediatric emergency room, e.g., the triaging of patients, separating urgent care cases from true emergencies, etc.

The last three columns of the Square Footage Chart should be put in terms of "Cost per Square Foot" Please make the needed changes and submit a revised Chart.

The Square Footage Chart includes 12,520 square feet of new construction, which is equivalent to 35% of the new construction space, for hospital shell space. Please discuss in detail how this space will be utilized.

Will BMHM replace the MRI unit to be relocated to BMH-W?

#### Response:

BMH-W currently provides an area and has process for the evaluation and transfer of patients with emergency medical conditions including pregnancy and contractions. An external entrance is marked as the maternity ambulance entrance and is accessible 24 hours a day. When a patient is determined to have an emergency medical condition, further medical examination and treatment may be needed to stabilize the patient. The patient is provided, within the capabilities of staff and facilities available, further medical examination and treatment as required to stabilize the medical condition or transfer the patient to a location where the conditions can be better managed. When transfer is indicated and the patient is stabilized, EMS is contacted to transport the patient usually to the BMH-M main campus ED. If a patient requires services that are not provided at BMH-M, transportation is provided to an appropriately equipped facility such as a trauma center.

Currently, pediatric patients who require hospitalization after treatment at the BMH-M emergency room are transported to BMH-W for admission. EMS may be called to transfer the patient. Implementation of the proposed pediatric emergency area will eliminate the need to transfer the patient by motorized vehicle. The BMH-M emergency room and the proposed BMH-W pediatric emergency room are on separate sides of each campus. Travel distance from one emergency entry to the other is estimated to be approximately 0.6 of a mile. Although BMH-M and BMH-W are

located on campuses that are adjacent along a single roadway, the hospital buildings are not connected. Although the road between the buildings is on the campus and is a private drive, a traffic signal and directional signage, with stop signs, are encountered when driving from the Memphis ED to the Women's hospital.

Inside the proposed ED, a waiting area designed for pediatric patients will accommodate families. Patients will be triaged upon entry and private registration rooms will provide control of confidential information. Efficient flow of patients and staff in the treatment areas is enhanced by a direct line of sight from the nursing station for patients with a potentially higher level of need. The interconnectivity of the areas will support the continual adjustment of attention as staff flow between the ED and the outpatient services area when the number of patients in the areas fluctuate. Also, the design includes consideration for handling urgent response to a high number of admissions due to an unanticipated catastrophic event.

The pediatric ED size and service components will provide patient safety and quality with control of treatment spaces that provide more privacy of confidential patient information and efficient alignment of treatment spaces with corridor placement to improve communication and workflow for effective staffing. The desirable workplace design and room configuration provide reasonable flexibility and appropriate access to technology including adequate workspace for implementing electronic records.

If an occasional patient presents who is not appropriate for pediatric ED services, the hospital will provide the appropriate examination and stabilization services needed and arrange for transfer as indicated.

The shell space above the ED is included for several reasons. Future additional construction above the ED would be disruptive to services being provided directly below. Construction of two floors at the same time is also less expensive since the equipment and crews are on site. The two story structure will also be contiguous and consistent with the existing internal and external building detail and will provide continuance for functional aesthetic values. If the space above the ED would eventually be used for hospital services that require certificate of need approval, the applicant will submit a subsequent application.

BMHM is planning to upgrade the MRI unit that is proposed to be transferred to BMHW. The replacement MRI at BMHM will be a wide bore unit. Currently, the 3 MRI units at BMHM perform enough procedures to operate 4 MRI units at the 80% utilization levels.

Variable	2009	2010	2011	2012	Year 1*	Year 2*
BMH-W ER Treatment Rooms	-	-	-	-	8	8
BMH-M Adult ER Treatment Rooms	47	47	47	47	52	52
BMH-M Pediatric ER Treatment Rooms	5	5	5	5	-	-
BMH-M Total ER Treatment Rooms	52	52	52	52	60	60
BMH-W ER Visits	-	-	-	-	-	-
BMH-M Pediatric (0-18) ER Visits	8,040	6,911	6,955	6,994	7,320	7,900
BMH-M Adult ER Visits	48,926	47,373	49,907	51,339	52,007	53,221
BMH-M Total ER Visits	56,966	54,284	56,862	58,333		
BMH-W *Pediatric Inpatient Admissions	320	169	173	187	545	555
BMH-M Pediatric Inpatient Admissions	305	220	202	121	N/A	N/A
BMH-W Pediatric Patient Days	1572	1437	1163	818	1400	1585
BMH-M Pediatric Patient Days	695	575	525	285	N/A	N/A
BMH-W Pediatric ADC	4.4	4.2	3.32	2.47	2.00	2.00
BMH-M Pediatric ADC	2.41	2.09	1.98	1.7	N/A	N/A

\* Since the proposed project is not expected to be completed until 2015, please revise all utilization and financial charts in the application to reflect that Year 1 is 2015 and Year 2 is 2016

## 2. Section B. ILE., Project Description

Please describe the MRI unit that will be relocating to BMH-W including Tesla strength of the magnet, whether the magnet is closed bore/open bore, and other distinguishing features of the unit, the total cost of the unit, current age of the unit, expected useful life of the unit, list of clinical applications to be provided, and documentation of FDA approval.

### Response:

BMHM intends to acquire a wide bore MRI unit to accommodate patient needs by replacing the unit that can be moved to BMHW. The MRI unit proposed for BMHW is a short bore GE Signa Excite 1.5T with 11X software and full list of coils. It was upgraded in 2004. The remaining life is estimated to be 3-5 yrs and other upgrades are possible. As explained in other sections of the application, the current market value is \$100,000.

The coils allow the unit to perform breast imaging which will be important to the Women's Health Center that is part of BMHW. The unit also is equipped with a television for use with pediatric patients. All types of general scans can be performed as shown in the following list.

MR ABDOMEN  
MR ANES GEN LEV III P HR  
MR BRAIN  
MR CARDIAC W/STRESS IMG  
MR CHEST  
MR LOWER EXT JOINT  
MR MAC ANES  
MR MRA ABD  
MR MRA CHEST  
MR MRA LOWER EXT  
MR MRA OR MRV HEAD  
MR MRA OR MRV NECK  
MR MRA PELVIS  
MR MRA UPPER EXTREM  
MR MRI BREAST BIL  
MR MRI BREAST UNI  
MR NDLE PLCT BX/ASP/LOCAL  
MR ORB/FACE/NK D  
MR PELVIS  
MR PL WIRE ADD LESION BR  
MR PLCMT LOCAL WIRE BR  
MR PLCT METAL CLIP IMAGE ASP/BX  
MR SPINE CERVICAL LTD  
MR SPINE COMPLETE  
MR SPINE LUMBAR LTD  
MR SPINE THORACIC LTD  
MR UPPER EXTREM

Documentation of FDA approval follows this page.



### 3. Section C, Need Item 1

Please discuss how the proposed project will relate to each of the 5 Principals for Achieving Better Health found in the State Health Plan.

Response:

#### 1. Healthy Lives

*The purpose of the State Health Plan is to improve the health of Tennesseans.*

Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

#### Response:

The proposed project will place pediatric services in a setting that is dedicated to the specific needs of pediatric patients and families. Access to the pediatric services at the same hospital where many families joined in the birth experience will provide an environment that encourages patients and their families to learn and participate to the extent possible in their personal care. The focused setting and access to professional staff will support family participation and support children with encouragement to participate in healthy activities that reduce risk and improve health.

#### 2. Access to Care

*Every citizen should have reasonable access to health care.*

Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

#### Response:

Access to emergency pediatric services in a focused setting is not restricted by existing health status, employment, income, geography or culture. The services are designed to improve access to the full continuum of care in a setting where they can be distinguished from other general hospital services. Convenient access to a pediatric ED setting can improve the care experience and satisfaction with the attention received.

#### 3. Economic Efficiencies

*The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.* The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.

**Response:**

The new ED setting will be efficiently designed with flexibility to adjust capacities in an economically effective way of improving the health care system without unnecessarily duplicating services. The new ED innovatively includes space that can also be used to support pediatric outpatient services and medical professionals with access to new technologies such as the electronic medical record.

**4. Quality of Care**

*Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.* Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.

**Response:**

The new ED's telecommunication and electronic health record tools will ensure that patient information is appropriately accessible to providers and that patients can be monitored. The focused setting will consolidate services and improve functionality by reducing fragmentation of resources. Patients and adult guardians will have access to information about the quality of services provided specifically to pediatric patients. Medical professionals will work in a setting that supports effective utilization and a high quality of work life.

**5. Health Care Workforce**

*The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.* The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.

**Response:**

This project includes healthcare professionals who are dedicated to providing care for pediatric patients and are already engaged in providing the services. The proposed ED will provide focused pediatric care in a setting comforting to patients and families and effective for professionals. The setting will be accessible to medical, nursing, allied health and educational institutions including the BMH College of Health Sciences.

4. Section C Item 1.a. (Service Specific Criteria-Construction, Renovation, etc.)

Your response to this item is noted. Please complete the following table. This information should be available from either THA or the Department Of Health's Hospital Data Discharge System.

**Most Recent Year Destination of Pediatric (Age 0-18)  
Service Area Residents for Emergency Room Visits**

Hospital ID				
Hospital ID	Fayette	Shelby	Tipton	Total
1	138	15,480	501	16,119
2	68	5,562	157	5,787
3	11	250	4,271	4,532
4	91	4,124	43	4,258
5	-	3,887	4	3,891
6	150	3,524	203	3,877
7	6	2,952	166	3,124
8	1	2,408	1	2,410
9	10	2,116	10	2,136
10	188	1,271	8	1,467
11	7	952	10	969
12	486	55	21	562
13	-	293	1	294
14	1	47	3	51
15	1	10	25	36
16	17	13	-	30
17	3	21	6	30
18	-	21	-	21
19	-	20	-	20
20	-	15	2	17
21	1	11	1	13
22	-	10	-	10
23	-	8	2	10
24	-	9	-	9
25	1	4	3	8
26	1	7	-	8
27	-	7	-	7
28	-	7	-	7
29	-	6	-	6

30	-	5	-	5
31	-	5	-	5
32	-	5	-	5
33	1	1	2	4
34	-	3	1	4
35	-	4	-	4
36	-	2	1	3
37	-	3	-	3
38	-	3	-	3
39	-	3	-	3
40	1	1	1	3
41	-	3	-	3
42	-	3	-	3
43	-	2	-	2
44	-	2	-	2
45	-	1	1	2
46	-	2	-	2
47	2	-	-	2
48	-	2	-	2
49	-	1	1	2
50	-	2	-	2
51	-	1	1	2
52	-	2	-	2
53	-	2	-	2
54	-	1	-	1
55	-	1	-	1
56	-	1	-	1
57	-	1	-	1
58	-	-	1	1
59	-	1	-	1
60	-	1	-	1
61	-	1	-	1
62	-	1	-	1
63	-	1	-	1
64	-	-	1	1
65	-	1	-	1
66	-	1	-	1
67	-	1	-	1
68	-	1	-	1

69	-	1	-	1
70	-	1	-	1
71	-	1	-	1
72	-	1	-	1
73	-	1	-	1
74	-	1	-	1
75	-	1	-	1
76	-	1	-	1
77	-	1	-	1
TOTALS	1,185	43,170	5,448	49,803

5. Section C Item 1.a. (Service Specific Criteria-Magnet Resonance Imaging Services)

Since the applicant is requesting an exception to the MRI Criteria, please provide a response to each applicable MRI criterion

Response:

**Standards and Criteria**

1. Utilization Standards for non-Specialty MRI Units.

a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.

Response:

As previously explained, BMHW is a satellite of Baptist Memorial Hospital with the main campus of BMHM adjacent to the BMHW campus. Although the proposed MRI will be at a new postal address, patients at BMHW who need MRI service are currently transported as inpatients to the MRI units at BMHM or referred to outpatient services at BMHM. Therefore, the unit at BMHW will provide access for patients who are currently served at BMHM.

The 2 tables below present the average number of procedures currently provided by 3 units at BMHM and the average number that would result if 4 units were accessible to the same patients. If the MRI that is currently in service at BMHM is moved to BMHW and if another unit with a wide bore becomes operational at BMHM, the average of all 4 units will still be above 2880 procedures per year. The charts represent utilization through 2011 but the procedures continued to increase in 2012 to approximately 12,203.

Total MRI Scans at BMH-Memphis (3 Units)

Fiscal YEAR	2009	2010	2011
Procedures	11,357	11,517	12,052
Avg per unit	3,786	3,839	4,017

Total MRI Scans at BMH-Memphis (if 4 Units)

Fiscal YEAR	2009	2010	2011
Procedures	11,357	11,517	12,052
Avg per unit	2,839	2,879	3,013

Another perspective is that the patients who will be served at BMHW would otherwise be served at BMHM and placing the MRI at BMHW improves access for pediatric and fragile infants who would otherwise require transportation.

b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

Response

Not applicable.

c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

Response

Although the equipment does not qualify as new or improved technology, the rearrangement of services provides a different new setting at BMHW for providing diagnostic MRI services.

d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.

Response

Not applicable.

e. Hybrid MRI Units. The HSDA may evaluate a CON application for an MRI "hybrid" Unit (an MRI Unit that is combined/utilized with another medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

Response

Not applicable.

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

Response

The new BMHW location for the MRI unit is accessible to the same population as BMHM. However, since the pediatric patients are at BMHW, access for those patients is improved by locating the MRI at the same facility. For convenient reference, the following table indicates MRI utilization in the three county service area. Placing the MRI at BMHW will effect only the utilization at BMHM as previously described.

Facility	2009 Units	2009 Procedures	2010 Units	2010 Procedures	2011 Units	2011 Procedures
Methodist Healthcare-Fayette Hospital	1	459	1	373	1	324
Baptist Memorial Hospital - Collierville	1	3076	1	1941	1	1891
Baptist Memorial Hospital - Memphis	3	11357	3	11517	3	12052
Baptist Rehabilitation - Germantown	1	1267	1	1702	1	1622
Baptist Rehabilitation - Germantown Briarcrest	1	415	1	370	1	585
Campbell Clinic - Union	1	938	1	64	1	2290
Campbell Clinic Inc	1	7398	1	8081	1	6502
Delta Medical Center	1	921	1	880	1	1006
Diagnostic Imaging PC - Memphis	1	4236	1	4540	1	6358
Lebonheur Children's Medical Center	2	4224	1	3856	3	4663
Methodist Healthcare-Germantown Hospital	2	8282	2	8313	2	7698
Methodist Healthcare-North Hospital	2	6660	2	6359	2	6058
Methodist Healthcare-South Hospital	1	3364	1	3536	1	4073
Methodist Healthcare-University Hospital	3	9144	3	9136	3	9677
MSK Group PC-New Covington Pike	1	3213	1	3420	1	3096
MSK Group PC-Briarcrest	1	3247	1	4043	1	4508
Neurology Clinic PC	1	3161	1	3370	1	3168
Outpatient Diagnostic Center of Memphis	1	1969	1	2389	1	2207
Park Avenue Diagnostic Center	2	4989	2	3857	2	3080
Regional Medical Center at Memphis	1	4100	1	3733	1	3927
Semmes-Murphy Clinic	2	6748	2	7327	2	7300
St Francis Hospital	3	6852	3	6159	3	5482
St Francis Hospital - Bartlett	1	3044	1	3030	2	3257
St Jude Children's Research Hospital	3	8443	3	9467	3	10031
Wesley Neurology Clinic PC	1	1358	1	1393	1	1398
West Clinic PC	1	1598	1	1304	1	1662
Baptist Memorial Hospital-Tipton	1	1275	1	1213	1	1143



3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

Response

Acquiring the MRI that is fully equipped for children and breast exams that are specific needs of patients at BMHW at the market value is the most advantageous opportunity to improve accessibility and availability of service, without increasing cost to continue the quality of the service and satisfaction with the care received.

4. A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:  
Stationary MRI Units:  $1.20 \text{ procedures per hour} \times \text{twelve hours per day} \times 5 \text{ days per week} \times 50 \text{ weeks per year} = 3,600 \text{ procedures per year}$

Response

As previously described, the average number of procedures provided by all 4 units at BMHM and BMHW will continue to be at least 2880.

Mobile MRI Units:  $\text{Twelve (12) procedures per day} \times \text{days per week in operation} \times 50 \text{ weeks per year}$ . For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

Response

Not applicable

5. Need Standards for Specialty MRI Units.

a. Dedicated fixed or mobile Breast MRI Unit. An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall not receive a CON to use the MRI unit for non-dedicated purposes and shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:

Response

Not applicable. The unit has the capability to provide Breast exams but is not a dedicated breast MRI unit.

i. It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by mammography, ultrasound, and MRI unit equipment, and that is trained to interpret images produced by an MRI unit configured exclusively for mammographic studies;

Response

The unit and BMHW provide a comprehensive Breast Service through the Women's Health Center.

ii. Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit are in compliance with the federal Mammography Quality Standards Act;

Response

The Women's Health Center operates equipment in compliance with mammography quality standards.

iii. It is part of or has a formal affiliation with an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical oncology, surgical oncology and an established breast cancer treatment program that is based in the proposed service area; and

iv. It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers.

Response

BMHW has an affiliation with the Baptist Center for Cancer Care that is proposed to be constructed on property adjacent to the BMHW campus. The Women's Health Center will be located in the building that houses the cancer center and will be actively involved in fighting the disease. Members of the Women's Health Center will be part of the collaborative team for the treatment of breast cancer.

b. Dedicated fixed or mobile Extremity MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Extremity MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Extremity MRI Unit and a CON granted for this use should so state on its face.

Response

Not applicable since the MRI will not be dedicated to a single service.

c. Dedicated fixed or mobile Multi-position MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Multi-position MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Multi-position MRI Unit and a CON granted for this use should so state on its face.

Response

Not applicable since the MRI will not be dedicated to a single service.

6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units. If data availability permits, Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.

Response

Not applicable.

7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

Response

FDA documentation is provided.

b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

Response

The MRI will be located in space that has been renovated in accordance with standards and guidelines from the vendor and other sources.

c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

Response

Emergencies will be handled in accordance with hospital and medical practices.

d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

Response

Appropriate protocols will be enacted to assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services

e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

Response

BMHW is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology.

f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

Response

BMHW is accredited by the Joint Commission and will seek accreditation for MRI within two years of implementation of the proposed service.

g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

Response

BMHW has transfer agreements with BMHM and Medical Staff are active with both facilities.

8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

Response

BMHW will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;
- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or
- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or
- d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard. its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

Response:

As previously presented, BMHW contracts with all TennCare MCOs in the area, and BMHW requests special consideration due to it's involvement with Pediatric Services and the special needs of children.

## 6. Section C, Need, Item 3

Please provide BMH-M/BMH-W's pediatric emergency room visit patient origin by county for the most recent year available.

Response:

The information is provided in the following table:

Pediatric ED Patient Origin from BMH Memphis			
State	County	% of Total	Cumulative
TN	Shelby	89.828%	89.828%
MS	DeSoto	3.099%	92.926%
TN	Tipton	2.396%	95.322%
TN	Fayette	1.888%	97.211%
MS	Marshall	0.556%	97.767%
AR	Crittenden	0.390%	98.157%
TN	Hardeman	0.163%	98.320%
MS	Benton	0.108%	98.484%
MS	Tate	0.108%	98.592%
TN	Lauderdale	0.090%	98.699%
TN	Haywood	0.080%	98.790%
MS	Panola	0.073%	98.870%
MO	St. Louis	0.049%	98.943%
TN	Davidson	0.049%	98.991%
MS	Lafayette	0.045%	99.040%
TN	Hardin	0.038%	99.085%
TN	Madison	0.038%	99.124%
AR	Craighead	0.035%	99.162%
TN	Dyer	0.035%	99.197%
AR	Pulaski	0.031%	99.231%
AR	Mississippi	0.028%	99.263%
AR	St. Francis	0.028%	99.291%
MS	Alcorn	0.028%	99.318%
MS	Tunica	0.028%	99.346%
TN	Rutherford	0.024%	99.374%
AL	Jefferson	0.021%	99.398%
KY	Christian	0.021%	99.419%
MS	Hinds	0.021%	99.440%
TN	Hamilton	0.021%	99.461%
TN	Knox	0.021%	99.482%
TN	McNairy	0.021%	99.503%
AL	Madison	0.017%	99.524%
MS	Tippah	0.017%	99.541%

## 7. Section C, Need, Item 4

Your response to this item is noted. Please complete the following chart. All the information requested can be obtained from the Department of Health population projections, TennCare website, and US Census website.

Demographic /Geographic Area	Fayette County	Shelby County	Tipton County	Primary Service Area	State of TN
Total Population-Current Year -2012	39,245	949,665	62,952	1,051,862	6,361,070
Total Population-Projected Year -2016	41,453	976,726	66,587	1,084,766	6,575,165
Total Population-% change	5.33%	2.77%	5.46%	3.03%	3.26%
Age 0-18 Population - 2012	9,949	280,986	17,512	308,447	1,665,788
Age 0-18 Population - 2016	10,166	285,621	18,137	313,924	1,705,941
Age 0-18 Population - % change	2.13%	1.62%	3.45%	1.74%	2.35%
Age 0-18 Population as % of Total Population	25.35%	29.59%	27.82%	29.32%	26.19%
Median Age	42	35	37	38	38
Median Household Income	\$ 56,729	\$ 44,705	\$49,378	\$ 50,271	\$ 43,314
TennCare Enrollees	5,631	230,053	11,473	247,157	1,203,220
TennCare Enrollees as % of Total Pop.	14.35%	24.22%	18.22%	23.50%	18.92%
Persons Below Poverty Level	5,102	123,456	8,184	136,742	826,939
Persons Below Poverty Level as % of Total	13%	19.7%	17%	16.5%	16.5%

## 8. Section C, Need, Item 5

Utilization for the existing MRI units in the service area was not included. Please provide this information for the three most recent years available from the HSDA Equipment Registry.

Response :

Facility	2009 Units	2009 Procedures	2010 Units	2010 Procedures	2011 Units	2011 Procedures
Methodist Healthcare-Fayette Hospital	1	459	1	373	1	324
Baptist Memorial Hospital - Collierville	1	3076	1	1941	1	1891
Baptist Memorial Hospital - Memphis	3	11357	3	11517	3	12052
Baptist Rehabilitation - Germantown	1	1267	1	1702	1	1622
Baptist Rehabilitation - Germantown Briarcrest	1	415	1	370	1	585
Campbell Clinic - Union	1	938	1	64	1	2290
Campbell Clinic Inc	1	7398	1	8081	1	6502
Delta Medical Center	1	921	1	880	1	1006
Diagnostic Imaging PC - Memphis	1	4236	1	4540	1	6358
Lebonheur Children's Medical Center	2	4224	1	3856	3	4663
Methodist Healthcare-Germantown Hospital	2	8282	2	8313	2	7698
Methodist Healthcare-North Hospital	2	6660	2	6359	2	6058
Methodist Healthcare-South Hospital	1	3364	1	3536	1	4073
Methodist Healthcare-University Hospital	3	9144	3	9136	3	9677
MSK Group PC-New Covington Pike	1	3213	1	3420	1	3096
MSK Group PC-Briarcrest	1	3247	1	4043	1	4508
Neurology Clinic PC	1	3161	1	3370	1	3168
Outpatient Diagnostic Center of Memphis	1	1969	1	2389	1	2207
Park Avenue Diagnostic Center	2	4989	2	3857	2	3080
Regional Medical Center at Memphis	1	4100	1	3733	1	3927
Semmes-Murphy Clinic	2	6748	2	7327	2	7300
St Francis Hospital	3	6852	3	6159	3	5482
St Francis Hospital - Bartlett	1	3044	1	3030	2	3257
St Jude Children's Research Hospital	3	8443	3	9467	3	10031
Wesley Neurology Clinic PC	1	1358	1	1393	1	1398
West Clinic PC	1	1598	1	1304	1	1662
Baptist Memorial Hospital-Tipton	1	1275	1	1213	1	1143



## 9. Section C, Need, Item 6

Pediatric Emergency

Please complete the following table for patients Age 0-18:

Emergency Department	2009	2010	2011	2012	Year1* 2015	Year 2* 2016
Pediatric Treatment Rooms	5	5	5	5	8	8
Level I Visits	1,269	1,220	1,199	1,563	1,327	1,433
Level II Visits	1,985	1,582	1,533	1,645	1,709	1,844
Level III Visits	3,623	2,606	2,699	2,579	2,917	3,148
Level IV Visits	937	1,084	1,146	937	1,039	1,122
Level V Visits	227	419	378	270	328	354
<b>Total Visits</b>	<b>8,040</b>	<b>6,911</b>	<b>6,955</b>	<b>6,994</b>	<b>7,320</b>	<b>7,900</b>

\* Since the proposed project is not expected to be completed until 2015, please revise all utilization and financial charts in the application to reflect that Year 1 is 2015 and Year 2 is 2016.

Historically, how many of these pediatric visits resulted in inpatient admissions?

Response:

The proportion of pediatric visits that have been admitted ranges from 2.0% to 2.5% of the total for each year over the 5 year period.

Historically, what percentage of admissions were from pediatric emergency room visits?

Response:

As stated above, the proportion of pediatric visits that have been admitted ranges from 2.0% to 2.5% over the 5 year period.

Does the applicant expect these patterns to change after completion of the proposed project?

Response:

A low percentage of pediatric admissions from ED visits is consistent with available literature and studies. The percentage is expected to continue at a low rate.

\*Pediatric Admissions at BMHW until year 1 represent NICU transfers that are not born at BMHW. Newborns are not included. A pediatric mother will be included.

### MRI

Please complete the following table for the MRI units at BMH-M and the proposed unit at BMH-W.

**MRI Procedure Trends at BMH-M**

MRI Units	2009	2010	2011	2012	Year 1*	Year 2*
Unit #1						
Unit #2						
Unit #3						
Unit #4						
Total MRI Procedures	11,585	11,227	11,833	12,203	11,944	11,973
Total Pediatric MRI Procedures	319	309	310	228	5	10
Total Adult MRI Procedures	11,214	10,918	11,523	11,975	11,939	11,963

**MRI Procedure Trends at BMH-W**

MRI Units	2009	2010	2011	2012	Year 1*	Year 2*
Unit #1						
Unit #2						
Unit #3						
Unit #4						
Total MRI Procedures	0	0	0	0	875	1,092
Total Pediatric MRI Procedures	0	0	0	0	330	340
Total Adult MRI Procedures	0	0	0	0	545	752

\* Since the proposed project is not expected to be completed until 2015, please revise all utilization and financial charts in the application to reflect that Year 1 is 2015 and Year 2 is 2016

## 10. Section C, Economic Feasibility, Item 1

Moveable equipment is listed as \$1,939,321. If there are any equipment items in excess of \$50,000, please identify those pieces of equipment.

What is included in the \$110,000 for "Other"?

Please note that the filing fee was overpaid by \$75. A refund check is in process.

Response:

Items in excess of \$50,000 are shown in the list below.

<u>Equipment</u>	<u>Qty</u>	<u>Total</u>
Ventilator,		
Pediatric/Adult	2	\$66,480
Radiographic Unit,		
Mobile, Digital	1	\$220,000
C-Arm, Mobile 6"	1	\$120,100
Monitor, Patient MRI	1	\$85,100
Monitor, Central Station		
16 bed	1	\$70,610

The \$110,000 shown on the "other" line is the cost for non-clinical furniture.

### 11. Section C, Economic Feasibility, Item 3

Please discuss how the proposed project's construction cost/square foot compares to costs of previously approved hospital projects. This information can be found at the HSDA website under the "Applicant Toolbox" icon.

#### Response:

The following chart is from the HSDA Toolkit:

Hospital Construction Cost Per Square Foot Years: 2009 – 2011			
	Renovated Construction	New Construction	Total Construction
1st Quartile	\$125.84/sq ft	\$235.86/sq ft	\$167.99/sq ft
Median	\$177.60/sq ft	\$274.63/sq ft	\$249.32/sq ft
3rd Quartile	\$273.69/sq ft	\$324.00/sq ft	\$301.74/sq ft

*Source: CON approved applications for years 2009 through 2011*

The average renovation cost per square foot for the proposed project is \$292. The cost is above the third quartile of \$273.69 per sq ft likely because the space that is being renovated is to accommodate the MRI. Shielding, cooling and support are considerations in the renovation.

The average new construction cost is 234.64 per sq ft which is lower than the Median cost likely because it includes 12,520 sq ft of shelled space with an estimated construction cost of \$130 per sq ft.

The average Total Construction cost is \$237.98 per sq. ft. that is also lower than the median Total Construction cost shown in the chart. The low cost is weighted by the shell space.

A more direct comparison may be made by using the typical new construction estimated cost of \$310 per sq ft. that applies to the areas that will accommodate the Emergency Department operations space. The average \$310 is between the median and the 3<sup>rd</sup> quartile on the chart and would be considered reasonable.

**12. Section C. Economic Feasibility Item 4. (Historical Data Chart and Projected Data Chart)\***

The HSDA is utilizing more detailed Historical and Projected Data Charts. Please complete the revised Historical and Projected Data Charts provided at the end of this request for supplemental information. Please note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should also include any management fees paid by agreement to third party entities not having common ownership with the applicant. Management fees should not include expense allocations for support services, e.g., finance, human resources, information technology, legal, managed care, planning marketing, quality assurance, etc. that have been consolidated/centralized for the subsidiaries of a parent company.

\* Since the proposed project is not expected to be completed until 2015, please revise all utilization and financial charts in the application to reflect that Year 1 is 2015 and Year 2 is 2016

2012 NOV 28 PM 2 48  
13. Section C, Economic Feasibility, Item 4 ( Historical Data Chart)

What is included in "B.4. Other Operating Revenue" and "E. Other Revenue (Expenses) - Net"?

Please explain why net income declined from \$3,905,695 in 2009 to \$417,832 in 2011.

Response:

B.4. Other Operating Revenue includes sales from Cafeteria, Gift Shop, Library, and Boutique. Also, procedures or tests that are performed for other entities such as Mammograms on the Mobile, Tacrolimus Tests for Memphis, etc., are included in this section.

E. Other Revenue (Expenses)- Net -includes Expense for space in the POB that is owned by another entity and Contribution Revenue received from the Baptist Memorial Foundation.

The decline in revenue is attributable to various dynamics rather than a specific item. A significant change occurred in payers. Medicaid increased by 8% as a primary payer from FY 2009 to FY 2011. Also, a contract with a local business went to another provider. Unusual expenses also occurred such as the expense of \$380,550 for Inner Wireless preparation for implementation of the Electronic Patient Record in FY2011.

Although contributing forces came together and caused a decline in revenue, the main hospital campus remained strong, committed and capable of supporting the Women's satellite facility as indicated the financial reposts provided in the application.

**14 Section C, Economic Feasibility, Item 4 (Projected Data Chart)\***

Does this chart include only emergency room and MRI operations?

Response:

The projected data Chart includes outpatient revenue from emergency room visits and MRI operations for all patients. Many outpatients will be served by the MRI.

The projected procedures and outpatient visits do not match up with earlier projections regarding emergency room visits and MRI procedures. Please explain.

Response:

The MRI procedures and ED visits were grouped according to setting and have been adjusted to more visually demonstrate a match with projections. The MR will serve some inpatients and those procedures are included, although none of the services that pediatric ED patients experience when admitted are included in the projections. The numbers do not include inpatient revenue from any patients who were admitted through the Emergency Department.

Since a net operating loss is being projected for both Years 2014 and 2015, please provide a Projected Data Chart for BMH-W in total so that Agency members can assess the financial impact of the proposed project on the hospital's overall operations.

Response:

As requested a projected data Chart for the first year (2015) showing combined operations follows this page.

Since the applicant expects the proposed project to provide positive financial contribution by the fourth year of operation, please extend the Projected Data Charts to the fourth year of operations.

Response:

As requested, the charts following this page show emergency room and MRI operations revenue for 4 years when a positive direct cash contribution to operations occurs.

## 15 Section C, Economic Feasibility, Item 6

Please compare the applicant's gross charge for MRI services to the gross charges of other MRI providers in the service area utilizing information from the HSDA Equipment Registry.

Response:

The average gross approximate charge over all types of MRI procedures for an MRI procedure is \$2,310 for inpatients and \$3,225 for outpatients. The overall average charge across both categories is \$3,014.

The chart from the equipment registry below places the overall average charge of \$3,014 between the median and 3<sup>rd</sup> quartile which indicates that the amount is reasonable.

**Charges per Procedure/Treatment****By Quartiles****YEAR = 2011**

<b>Equipment Type</b>	<b>1st Quartile</b>	<b>Median</b>	<b>3rd Quartile</b>
CT Scanner	\$878.41	\$1,565.40	\$2,315.89
Linear Accelerator	\$849.28	\$1,020.87	\$1,275.82
Lithotripter	\$7,845.00	\$11,707.03	\$15,061.62
MRI	\$1,612.71	\$2,094.79	\$3,162.71
PET Scanner	\$3,603.23	\$4,421.36	\$5,323.11

Source: Medical Equipment Registry - 9/24/2012



**16. Section C Economic Feasibility Item 10**

The letter from Deloitte & Touche is unclear. If Deloitte and Touche audited the combined financial statements of Baptist Memorial Health Care Corporation, then please provide this information.

Response:

Copies of the most recent financial statements for Baptist Memorial Hospital are provided in the application along with a letter from the Chief Financial Officer of the Baptist Memorial Health Care Corporation. Funding for this project is available through the affiliated corporation, Baptist Memorial Hospital.

The letter from Deloitte and Touche is to confirm that the information in the financial statements for the hospital is included in audited materials.

**17. Section C, Contribution to the Orderly Development of Health Care,  
Item 3**

Does the staffing chart include staff for the MRI unit?

Please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

Response:

Source: Tennessee Department of Labor & Workforce Development, Employment Security Division, Labor Market Information. Publish date May 2012.

Job Title	BMH Wage	Mean wage	Entry wage	Exp. wage	25th pct	Median wage	75th pct
Registered Nurse	31.81	31.7	23.55	35.8	25.1	29.35	34.75
Pharmacist- Clinical	58.2	55.5	45.15	60.65	51.2	57.65	65.35
Pharmacy Technician	19.51	13.95	10.15	15.8	10.95	13.55	16.75
Respiratory Therapist	23.51	23.55	19.85	25.4	20.65	23.5	26.7
Radiology Technologist	27.8	24.8	19.75	27.35	21.05	24.4	28.05
Medical Technologist	29.51	28	21.75	31.15	24.05	27.85	32.7

**18. Project Completion Forecast Chart**

The date for the Agency's decision on the first line of the form was left blank. Please fill in this line. Please complete the "DAYS REQUIRED" column.

Since the proposed project is not expected to be completed until 2015, please revise all utilization and financial charts in the application to reflect that Year 1 is 2015 and Year 2 is 2016.

Please make the necessary changes and submit a revised Project Completion Forecast Chart.

**Response:**

The necessary changes have been made and a new project completion forecast chart is provided.

AFFIDAVIT

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STATE OF TENNESSEE

COUNTY OF SHELBYNAME OF FACILITY: Baptist Memorial Hospital for Women

I, ARTHUR MAPLES, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Arthur Maples  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28<sup>th</sup> day of Nov, 2012, witness my hand at office in the County of Shelby, State of Tennessee.

M. Willette Campbell  
NOTARY PUBLIC

My commission expires My Comm. Exp. 9-11-2013

HF-0043

Revised 7/02



# **Copy**

## **Supplemental #2**

**Baptist Memorial Hospital for  
Women**

**CN1211-058**

November 29, 2012

11:34am

2012 NOV 30 AM 11 35

November 29, 2012

Mark A. Farber, Assistant Executive Director  
Health Services and Development Agency  
Andrew Jackson Building  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

RE: Certificate of Need Application CN1211-058  
Baptist Memorial Hospital for Women

Dear Mr. Farber

Enclosed are the responses to the need for clarification or additional discussion on items in the CON application referenced above.

Please contact me if you need additional information. Thank you for your attention.

Sincerely,



Arthur Maples  
Dir. Strategic Analysis

Enclosure

**SUPPLEMENTAL RESPONSES 2**

**PEDIATRIC EMERGENCY DEPARTMENT ADDITION  
AND MRI ACQUISITION**

**BAPTIST MEMORIAL HOSPITAL FOR WOMEN**

**CN1211-058**

**1. Section B. ILE., Project Description**

Please identify the age of the GE Signa Excite 1.5T MRI System.

**Response:**

The 1.5T K4 Magnet vessel was purchased as an Infinity model in 2002. As previously explained, it was upgraded to a Signa Excite in 2004 and has 11x software. The K4 class GE magnet with recirculating device operates with very little loss of coolant. The life of the machine is determined by measuring new developments in the field and determining whether an upgrade is needed. This machine is ACR certified in all 5 modalities: Brain, Spine, Extremities, Cardiac, Body and Breast.



## 2. Section C, Need Item 1

Regarding Principle #3, Economic Efficiencies, did the applicant consider the alternative of a joint arrangement for use of existing emergency services with one of the two dedicated pediatric hospitals in Memphis, St. Jude's or LeBonheur?

### Response:

A joint arrangement was not discussed for several reasons. The location of the ED allows better access for patients within the region who seek care at the facility located in East Memphis. The pediatric ED services are closer to many and better situated to provide quicker access because of travel time. Some pediatric patients come from the BMH-DeSoto service area due to distance and preference. The community is familiar with pediatric ED services that have been provided on the Memphis campus for several years.

The 40 bed NICU is also an asset for families. BMHW provides obstetrical services and more than 5300 babies were born there last year. Enhancing the child care continuum from birth through the pediatric ages on the BMHW campus is a natural extension of the care.

Other substantial hurdles to providing joint emergency services are the legal regulations and liability responsibilities. There is also a difference in focus of care. St. Jude's focuses on oncology patients and Le Bonheur is the pediatric trauma center for the area.

3. Section C Item 1.a. (Service Specific Criteria-Construction, Renovation, etc.)

What year does this data represent? What is the source of this data? Is it possible to identify the hospitals and their county location? If not check with the Department of Health, Division of Health Statistics to see if they could run the report with identifying information.

Response:

The data in the chart provided was from the THA data base for the most recent 12 month period available which is the first 2 quarters of 2012 and the last 2 quarters of 2011. To identify the hospitals, the Department of Health has provided the chart on the following pages.

# 2010 Destination of Pediatric (Age 0-18) Service Area Residents for Emergency Room Visits

HospitalID	Hospital	County	Fayette County, TN		Shelby County, TN		Tipton County, TN		Total Service Area
			Resident ER Visits	Resident ER Visits	Resident ER Visits	Resident ER Visits	Resident ER Visits	Resident ER Visits	
01202	Methodist Medical Center of Oak Ridge	Anderson	0	1	0	0	0	1	
01452	Ridgeview Psychiatric Hospital and Center	Anderson	0	0	0	0	0	0	
02214	Heritage Medical Center	Bedford	0	0	0	0	0	0	
03225	Camden General Hospital	Benton	0	8	2	2	10	10	
04213	Erlanger-Bledsoe	Bledsoe	0	1	0	0	1	1	
05202	Blount Memorial Hospital	Blount	0	0	0	0	0	0	
05402	Peninsula Hospital	Blount	0	0	0	0	0	0	
06223	Skyridge Medical Center	Bradley	0	3	0	0	3	3	
06233	Skyridge Medical Center Westside	Bradley	0	0	0	0	0	0	
07242	Saint Mary's Medical Center of Campbell County	Campbell	0	0	0	0	0	0	
07252	Jellico Community Hospital, Inc.	Campbell	0	0	0	0	0	0	
08214	Stones River Hospital	Cannon	0	0	0	0	0	0	
09245	Baptist Memorial Hospital - Huntingdon	Carroll	0	2	2	0	2	2	
09255	McKenzie Regional Hospital	Carroll	0	11	2	2	13	13	
10221	Sycamore Shoals Hospital	Carter	0	1	0	0	1	1	
11204	Centennial Medical Center at Ashland City	Cheatham	0	2	0	0	2	2	
13202	Claiborne County Hospital	Claiborne	0	1	0	0	1	1	
14204	Cumberland River Hospital	Clay	0	0	0	0	0	0	
15222	Baptist Hospital of Cocke County	Cocke	0	1	0	0	1	1	
16214	United Regional Medical Center	Coffee	0	0	0	0	0	0	
16234	Harton Regional Medical Center	Coffee	2	0	0	0	2	2	
16244	Medical Center of Manchester	Coffee	0	0	0	0	0	0	
18224	Cumberland Medical Center	Cumberland	0	0	0	0	0	0	
19214	Southern Hills Medical Center	Davidson	0	6	0	0	6	6	
19234	Skyline Medical Center Campus	Davidson	0	0	0	0	0	0	
19244	Metro Nashville General Hospital	Davidson	0	12	1	1	13	13	
19254	Baptist Hospital	Davidson	0	15	0	0	15	15	
19274	Saint Thomas Hospital	Davidson	0	6	1	1	7	7	
19284	Vanderbilt University Hospitals	Davidson	1	47	0	0	48	48	
19324	Centennial Medical Center	Davidson	1	12	0	0	13	13	
19334	Skyline Medical Center	Davidson	0	7	1	1	8	8	
19344	Summit Medical Center	Davidson	0	11	1	1	12	12	
19354	The Center for Spinal Surgery	Davidson	0	0	0	0	0	0	
19404	Middle Tennessee Mental Health Institute	Davidson	0	0	0	0	0	0	
79486	Civic Specialty Hospital	Shelby	0	0	0	0	0	0	
63404	Behavioral Healthcare Center at Clarksville	Montgomery	0	0	0	0	0	0	
19754	Kindred Hospital - Nashville	Davidson	0	0	0	0	0	0	
19764	Vanderbilt Stallworth Rehabilitation Hospital	Davidson	0	0	0	0	0	0	
19774	Nashville Rehabilitation Hospital	Davidson	0	0	0	0	0	0	
19784	Select Specialty Hospital - Nashville	Davidson	0	0	0	0	0	0	

# 2010 Destination of Pediatric (Age 0-18) Service Area Residents for Emergency Room Visits

HospitalID	Hospital	County	Fayette County, TN Resident ER Visits	Shelby County, TN Resident ER Visits	Tipton County, TN Resident ER Visits	Total Service Area Resident ER Visits
20205	Decatur County General Hospital	Decatur	0	5	0	5
21234	DeKalb Community Hospital	DeKalb	0	1	0	1
22204	Horizon Medical Center	Dickson	0	1	1	2
23215	Dyersburg Regional Medical Center	Dyer	1	5	5	11
24226	Methodist Healthcare - Fayette	Fayette	1,245	119	57	1,421
25204	Jamestown Regional Medical Center	Fentress	0	0	0	0
26204	Emerald - Hodgson Hospital	Franklin	0	1	0	1
26224	Southern Tennessee Medical Center	Franklin	0	1	0	1
27205	Milan General Hospital	Gibson	0	5	0	5
27245	Gibson General Hospital	Gibson	0	4	0	4
27255	Humboldt General Hospital	Gibson	0	2	0	2
28214	Hillside Hospital	Giles	0	0	0	0
30221	Laughlin Memorial Hospital	Greene	0	0	0	0
30231	Takoma Regional Hospital	Greene	0	0	0	0
32242	Morristown - Hamblen Healthcare System	Hamblen	0	0	0	0
32252	Lakeway Regional Hospital	Hamblen	0	1	0	1
33203	Erlanger Medical Center	Hamilton	0	35	0	35
33213	Erlanger North	Hamilton	0	0	0	0
33223	Memorial North Park	Hamilton	0	1	2	3
33233	Erlanger East	Hamilton	0	0	0	0
33323	Memorial Healthcare System, Inc.	Hamilton	0	2	0	2
33383	Parkridge Medical Center, Inc.	Hamilton	0	1	0	1
33393	Parkridge East Hospital	Hamilton	0	1	0	1
33423	Moccasin Bend Mental Health	Hamilton	0	0	0	0
33433	Parkridge Valley Hospital	Hamilton	0	0	0	0
33443	ABS Lincs TN, Inc.	Hamilton	0	0	0	0
33753	Siskin Hospital for Physical Rehabilitation	Hamilton	0	0	0	0
33763	HealthSouth Chattanooga Rehabilitation Hospital	Hamilton	0	0	0	0
33773	Kindred Hospital - Chattanooga	Hamilton	0	0	0	0
34201	Wellmont Hancock County Hospital	Hancock	0	0	0	0
35215	Bolivar General Hospital	Hardeman	13	14	1	28
35405	Western Mental Health Institute	Hardeman	0	0	0	0
36205	Hardin Medical Center	Hardin	4	19	2	25
37221	Wellmont Hawkins County Memorial Hospital	Hawkins	0	1	0	1
38225	Haywood Park Community Hospital	Haywood	16	9	11	36
39215	Henderson County Community Hospital	Henderson	0	2	2	4
40225	Henry County Medical Center	Henry	0	8	3	11
41214	Hickman Community Hospital	Hickman	0	2	0	2
42204	Patients' Choice Medical center of Erin	Houston	0	0	0	0
43204	Three Rivers Hospital	Humphreys	0	1	2	3

# 2010 Destination of Pediatric (Age 0-18) Service Area Residents for Emergency Room Visits

HospitalID	Hospital	County	Fayette County, TN Resident ER Visits	Shelby County, TN Resident ER Visits	Tipton County, TN Resident ER Visits	Total Service Area Resident ER Visits
45242	Saint Mary's Jefferson Memorial Hospital, Inc.	Jefferson	1	0	0	1
46201	Johnson County Community Hospital	Johnson	0	0	0	0
47212	Fort Sanders Regional Medical Center	Knox	0	8	0	8
47242	Mercy Medical Center	Knox	0	0	0	0
47252	Mercy Riverside	Knox	0	0	0	0
47282	University of Tennessee Memorial Hospital	Knox	0	43	1	44
47292	East Tennessee Children's Hospital	Knox	0	16	1	17
47322	Parkwest Medical Center	Knox	0	2	0	2
47332	Mercy Medical Center West	Knox	0	0	0	0
47352	Mercy Medical Center North	Knox	0	0	0	0
47402	Lakeshore Mental Health Institute	Knox	0	0	0	0
47752	Select Specialty Hospital - Knoxville	Knox	0	0	0	0
47762	Select Specialty Hospital - North Knoxville	Knox	0	0	0	0
49206	Lauderdale Community Hospital	Lauderdale	0	7	22	29
50234	Crockett Hospital	Lawrence	0	0	0	0
52214	Lincoln Medical Center	Lincoln	0	0	0	0
53202	Fort Loudoun Medical Center	Loudon	0	1	0	1
54233	Woods Memorial Hospital	McMinn	0	0	0	0
54243	Athens Regional Medical Center	McMinn	0	0	0	0
55225	McNairy Regional Hospital	McNairy	2	7	0	9
56204	Macon County General Hospital	Macon	0	0	0	0
57245	Jackson - Madison County General Hospital	Madison	8	48	18	74
57265	Regional Hospital of Jackson	Madison	4	24	2	30
57405	Pathways of Tennessee	Madison	0	0	0	0
58233	Grandview Medical Center	Marion	0	0	0	0
59244	Marshall Medical Center	Marshall	0	0	0	0
60224	Maury Regional Hospital	Maury	0	3	0	3
62202	Sweetwater Hospital Association	Monroe	0	0	0	0
63204	Gateway Medical Center	Montgomery	0	9	2	11
66205	Baptist Memorial Hospital - Union City	Obion	0	11	1	12
67214	Livingston Regional Hospital	Overton	0	1	0	1
68204	Perry Community Hospital	Perry	0	2	0	2
70223	Copper Basin Medical Center	Polk	0	0	0	0
71204	Cookeville Regional Medical Center	Putnam	0	3	1	4
72223	Rhea Medical Center	Rhea	0	0	0	0
73212	Roane Medical Center	Roane	0	0	0	0
74214	NorthCrest Medical Center	Robertson	0	1	0	1
75214	Middle Tennessee Medical Center	Rutherford	1	34	4	39
75234	StoneCrest Medical Center	Rutherford	2	7	0	9
76212	Scott County Hospital	Scott	0	1	0	1

## 2010 Destination of Pediatric (Age 0-18) Service Area Residents for Emergency Room Visits

HospitalID	Hospital	County	Fayette County, TN Resident ER Visits	Shelby County, TN Resident ER Visits	Tipton County, TN Resident ER Visits	Total Service Area Resident ER Visits
78232	LeConte Medical Center	Sevier	1	7	2	10
79216	Baptist Memorial Hospital	Shelby	118	6,815	211	7,144
79236	Methodist Hospital - Germantown	Shelby	298	9,538	109	9,945
79246	The Regional Medical Center at Memphis	Shelby	16	2,298	27	2,341
79256	Saint Jude Children's Research Hospital	Shelby	0	0	0	0
79266	Methodist Hospital - South	Shelby	3	9,360	7	9,370
79276	Methodist Healthcare - Memphis Hospitals	Shelby	6	1,346	10	1,362
79296	Methodist Hospital - North	Shelby	27	6,567	382	6,976
79306	LeBonheur Children's Medical Center	Shelby	393	34,242	920	35,555
79326	Baptist Memorial Hospital - Collierville	Shelby	253	1,502	10	1,765
79366	Delta Medical Center	Shelby	3	3,134	0	3,137
79396	Saint Francis Hospital	Shelby	15	2,277	7	2,299
79446	Memphis Mental Health Institute	Shelby	0	0	0	0
79456	Lakeside Behavioral Health System	Shelby	0	0	0	0
79476	Community Behavioral Health	Shelby	0	0	0	0
79506	Baptist Memorial Hospital for Women	Shelby	0	10	0	10
79516	Saint Francis Hospital - Bartlett	Shelby	209	3,983	235	4,427
79756	HealthSouth Rehabilitation Hospital	Shelby	0	0	0	0
79766	Baptist Rehabilitation - Germantown	Shelby	0	0	0	0
79776	Baptist Memorial Restorative Care Hospital	Shelby	0	0	0	0
79786	Select Specialty Hospital - Memphis	Shelby	0	0	0	0
79796	Methodist Extended Care Hospital, Inc.	Shelby	0	0	0	0
79806	HealthSouth Rehabilitation Hospital - Memphis North	Shelby	0	0	0	0
80204	Riverview Regional Medical Center North	Smith	0	0	0	0
80214	Riverview Regional Medical Center South	Smith	0	0	0	0
82201	Wellmont Bristol Regional Medical Center	Sullivan	0	1	0	1
82211	Wellmont - Holston Valley Medical Center, Inc.	Sullivan	0	0	0	0
82251	Indian Path Medical Center	Sullivan	0	0	0	0
82401	Indian Path Pavilion	Sullivan	0	0	0	0
82751	HealthSouth Rehabilitation Hospital	Sullivan	0	0	0	0
82761	Select Specialty Hospitals - Tncties, Inc.	Sullivan	0	0	0	0
83204	Portland Medical Center	Sumner	0	0	0	0
83244	Sumner Regional Medical Center	Sumner	0	0	0	0
83254	Hendersonville Medical Center	Sumner	0	0	0	0
84256	Baptist Memorial Hospital - Tipton	Sumner	1	5	0	6
85214	Trousdale Medical Center	Tipton	10	247	4,545	4,802
86211	Unicoi County Memorial Hospital, Inc.	Trousdale	0	0	0	0
89234	River Park Hospital	Unicoi	0	0	0	0
90231	North Side Hospital	Warren	0	2	0	2
90251	Johnson City Specialty Hospital	Washington	0	0	0	0

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics

## 2010 Destination of Pediatric (Age 0-18) Service Area Residents for Emergency Room Visits

HospitalID	Hospital	County	Fayette County, TN				Shelby County, TN				Tipton County, TN				Total Service Area			
			Resident ER Visits				Resident ER Visits				Resident ER Visits				Resident ER Visits			
90281	Johnson City Medical Center	Washington	0	0	0	0	5	0	0	0	0	0	0	0	5	0	0	0
90411	Woodridge Psychiatric Hospital	Washington	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
90751	James H. and Cecile Quillen Rehab Hospital	Washington	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
91214	Wayne Medical Center	Wayne	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0
92225	Volunteer Community Hospital	Weakley	0	0	0	0	21	0	0	0	2	0	0	0	23	0	0	0
92405	Behavioral Healthcare Center at Martin	Weakley	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
92795	HealthSouth Cane Creek Rehabilitation Center	Weakley	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
93204	White County Community Hospital	White	0	0	0	0	2	0	0	0	0	0	0	0	2	0	0	0
94234	Williamson Medical Center	Williamson	0	0	0	0	6	0	0	0	0	0	0	0	6	0	0	0
94804	Rolling Hills Hospital	Williamson	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
95204	McFarland Hospital	Wilson	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
95224	University Medical Center	Wilson	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>			<b>2,654</b>				<b>81,985</b>				<b>6,613</b>				<b>91,252</b>			

4. Section C Item 1.a. (Service Specific Criteria-Magnet Resonance Imaging Services) 2.

Your response to this item is noted. Is the MRI unit accessible to at least 75% of the service area population?

Response:

Yes. The proposed relocation will be to a campus adjacent to the original location at BMHM.

The same population that was the source of the study from which the service area was defined is still served by the same MRI. The three Tennessee and single Mississippi counties and used to identify the service area account for more than 75% of the cases.



5. Section C Item 1.a. (Service Specific Criteria-Magnet Resonance Imaging Services) 4.

Your response to this item is noted. What was the combined average number of MRI procedures per unit for the MRI units operating in the service area in 2011?

Response:

The sum of procedures in the 2011 Procedures column is	115,058.00
The sum of the units in the 2011 Units column is	42.00
The average number of MRI procedures per unit in 2011 is	2,739.48

6. Section C Item 1.a. (Service Specific Criteria-Magnet Resonance Imaging Services) 7.a.

How is the space being renovated for the MRI services currently being used? If there are existing services currently in that space, to where will those services be relocated?

Response:

The space proposed to be renovated for the MRI is currently registration and waiting space for pediatric outpatient services. The area will be relocated to the proposed ED shown on the schematic as Pediatric outpatient services.

7. Section C Item 1.a. (Service Specific Criteria-Magnet Resonance Imaging Services) 7.c.

Please explain how emergencies will be handled.

Response:

Emergencies will be handled according to established medical policies and procedure with additional precautions to move patients away from the MRI equipment hazards.

A detailed description is provided on the following page from the MRI policy and procedure manual that will be adapted for use at BMHW. Guidelines for handling Medical Emergencies at BMHW are also included.

8. Section C Item 1.a. (Service Specific Criteria-Magnet Resonance Imaging Services) 7.d.

Please discuss the protocols that will be established.

Response:

Protocols will be developed to include a review of ACR appropriateness criteria for MR.

An example is provided on the following page.

9. Section C Item 1.a. (Service Specific Criteria-Magnet Resonance Imaging Services) 7.e.

What are the ACR staffing recommendations and requirements pertaining to MRI services?

Response:

ACR recommends that technologists be ARRT registered and trained as level 1 and 2 MR personnel. Screening is required as part of the employment process. MR Technologists must maintain AHA basic life support certification.

Staffing requires a minimum of 2 MR Technologists or one MR technologist and one MR personnel. The document on the following page will be adopted by BMHW upon approval and acquisition of the MR Unit.

Staffing and guidance for safe MR practices is available from the ACR.

## 10. Section C, Need, Item 6

There appears to be some errors and omissions in the second chart:

- In the "BMH-M Total ER Treatment Rooms" row, shouldn't the last two columns be 52. Additionally, will the 5 treatment rooms that historically were used for pediatrics at BMH-M be used for adults after project completion?
- In the "BMH-W ER Visits" row should pediatric visits be reported in Year 1 and Year 2 instead of BMH-M?
- What are the "BHM-M Total ER Visits" for Years 1 and 2?
- Please explain why the applicant projects that pediatric admissions will almost triple between 2012 and Year 2.

Please make the necessary corrections and submit a revised utilization chart.

The necessary corrections have been made on the revised utilization chart.

- 1) The last 2 columns of the BMH-M Total ER Treatment Rooms Column should be 52. The applicant intended that number to be entered into the original submission.
- 2) The pediatric visits are now correctly shown for BMH-W.
- 3) The total projected BMH-M ER visits are shown on the Chart.
- 4) A correction has been made on the line showing pediatric admissions for projected Year 1 and 2. A number other than admissions had been incorrectly transcribed to this line.

When does the applicant expect the MRI unit at BMH-W to reach the 2,880 procedure utilization standard?

Response:

Projections 8 years into the future indicated that MRI procedures would likely be around 2000 at that time unless an intervening event occurred. That event may be additional screening recommendations for prevention or scheduling overflow patients from BMHM. This unit is also conveniently located close to the proposed new Cancer Center and could pick up utilization from those patients'

Variable	2009	2010	2011	2012	Year 1*	Year 2*
BMH-W ER Treatment Rooms	-	-	-	-	8	8
BMH-M Adult ER Treatment Rooms	47	47	47	47	52	52
BMH-M Pediatric ER Treatment Rooms	5	5	5	5	-	-
BMH-M Total ER Treatment Rooms	52	52	52	52	60	60
BMH-W ER Visits	-	-	-	-	7,320	7,900
BMH-M Pediatric (0-18) ER Visits	8,040	6,911	6,955	6,994	-	-
BMH-M Adult ER Visits	48,926	47,373	49,907	51,339	52,007	53,221
BMH-M Total ER Visits	56,966	54,284	56,862	58,333	52,007	53,221
BMH-W *Pediatric Inpatient Admissions	320	169	173	187	365	370
BMH-M Pediatric Inpatient Admissions	305	220	202	121	N/A	N/A
BMH-W Pediatric Patient Days	1572	1437	1163	818	1400	1585
BMH-M Pediatric Patient Days	695	575	525	285	N/A	N/A
BMH-W Pediatric ADC	4.4	4.2	3.32	2.47	2.00	2.00
BMH-M Pediatric ADC	2.41	2.09	1.98	1.7	N/A	N/A

**11. Section C, Economic Feasibility, Item 4 ( Historical Data Chart)**

Are the Management Fees to Affiliates or Non-Affiliates?

Response:

The management fees are to affiliates. A revised sheet is provided.



12. Section C, Economic Feasibility, Item 4 (Projected Data Chart) 11 36

There appears to be a discrepancy between the "Other Expenses" total in Year 2 of the Projected Data Chart and Year 2 of the Other Expenses Chart. Please address this discrepancy.

When does the applicant expect BMH-W to report a favorable net operating income?

Response:

A typographical error has been corrected in the year 2 estimate for equipment expense. The amount is the same in both Year 1 and Year 2.

The market forces have an unpredictable impact on the cash flow for the hospital. BMHW is a satellite of BMHM and BMHCC considers the financial performance of the entity as a whole. BMH Memphis has a favorable income as demonstrated on the financial reports provided in the application.

November 29, 2012

11:34am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF SHELBY

2012 NOV 30 AM 11 36

NAME OF FACILITY: Baptist Memorial Hospital for Women

I, ARTHUR MAPLES, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Arthur Maples Dir Strategic Analysis  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 29<sup>th</sup> day of November, 2012,  
witness my hand at office in the County of Shelby, State of Tennessee.

Paulette E. Kearney  
NOTARY PUBLIC

My commission expires My Comm. Exp. August 21, 2016.

HF-0043

Revised 7/02





2012 NOV -9 AM 10:38

## LETTER OF INTENT

### TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal which is a newspaper

(Name of Newspaper)

of general circulation in Shelby and other counties in, Tennessee, on or before November 10, 2012,  
(County) (Month / day) (Year)

for one day.

=====

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that: Baptist Memorial Hospital for Women, a satellite of Baptist Memorial Hospital a General Hospital owned by: Baptist Memorial Hospital with an ownership type of non-profit corporation and to be managed by Baptist Memorial Hospital for Women intends to file an application for a Certificate of Need application to construct an emergency department dedicated for pediatric patients and to initiate Magnetic Resonance Imaging (MRI) services on the Women's campus. The project will involve approximately 37,500 square feet of new construction. Baptist Memorial Hospital for Women is located at 6225 Humphreys Blvd, Memphis, TN 38120. The project does not involve the addition of beds or any other service for which a certificate of need is required. The estimated project cost, is approximately \$14,105,241.

The anticipated date of filing the application is: November 15, 2012

The contact person for this project is Arthur Maples Director Strategic Analysis  
(Contact Name) (Title)

who may be reached at: Baptist Memorial Health Care Corporation 350 N Humphreys Blvd  
(Company Name) (Address)

Memphis  
(City)

TN  
(State)

38120  
(Zip Code)

901 / 227-4137  
(Area Code / Phone Number)

Arthur Maples  
(Signature)

11/5/2012  
(Date)

arthur.maples@bmhcc.org  
(E-mail Address)

=====

The Letter of Intent must be **filed in triplicate and received between the first and the tenth day of the month**. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address: **Health Services and Development Agency**

**Andrew Jackson Building  
500 Deaderick Street, Suite 850  
Nashville, Tennessee 37243**

=====

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**CERTIFICATE OF NEED  
REVIEWED BY THE DEPARTMENT OF HEALTH  
Division of Policy, Planning, and Assessment  
Office of Health Statistics  
615-741-1954**

**DATE:** January 31, 2013

**APPLICANT:** Baptist Memorial Hospital for Women  
6225 Humphreys Boulevard  
Memphis, Tennessee 38120

**CON#** CN1211-058

**CONTACT PERSON:** Arthur Maples  
Director of Strategic Analysis  
50 Humphreys Boulevard  
Memphis, Tennessee 38120

**COST:** \$14,105,241

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In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Health Statistics, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's Health: Guidelines for Growth, 2000 Edition*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members".

**SUMMARY:**

Baptist Hospital for Women, a satellite of Baptist Memorial Hospital, a general hospital owned by Baptist Memorial Hospital, seeks Certificate of Need (CON) approval to construct an emergency department dedicated to pediatric patients and initiate magnetic resonance imaging (MRI) services on the campus of Baptist Hospital for Women located at 6225 Humphreys Boulevard, Memphis, Tennessee. The project does not involve the addition of beds or any other service that requires a CON.

The project will involve approximately 37,500 square feet of new construction, with a per square foot cost of \$238. The applicant compares the square foot cost with Methodist Healthcare-Memphis-\$278 per square foot and Baptist Center for Cancer Care-\$294 per square foot.

Baptist Hospital for Women, a not-for-profit general hospital is owned by Baptist Memorial Hospital and will be managed by Baptist Memorial Hospital for Women.

The total estimated project cost is \$14,105,241 and will be financed through cash reserves as documented in a letter from the Chief Financial Officer in Economic Feasibility 2€.

**GENERAL CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition*.

**NEED:**

The applicant's primary service area is Fayette, Shelby and Tipton counties.

The total population projections and the 0 to 18 population for the applicant's service area are provided in the following charts.

**Service Area Total Population Projections for 2013 and 2017**

County	2013 Population	2017 Population	% Increase/ (Decrease)
Fayette	39,818	41,841	5.1%
Shelby	956,126	983,298	2.8%
Tipton	63,857	67,365	5.5%
<b>Totals</b>	<b>1,059,801</b>	<b>1,092,504</b>	<b>3.1%</b>

Source: *Tennessee Population Projections 2000-2020, February 2008 Revision*, Tennessee  
Department of Health, Division of Policy, Planning and Assessment- Office of Health Statistics

**Service Area Total Population Projections for 0 to 18 for 2013 and 2017**

County	2013 Population	2017 Population	% Increase/ (Decrease)
Fayette	9,503	9,677	1.8%
Shelby	269,272	275,320	12.3%
Tipton	16,827	17,527	4.2%
<b>Totals</b>	<b>295,602</b>	<b>302,524</b>	<b>2.3%</b>

Source: *Tennessee Population Projections 2000-2020, February 2008 Revision*, Tennessee  
Department of Health, Division of Policy, Planning and Assessment- Office of Health Statistics

The following chart illustrates the MRI utilization in the applicant's service area.

Fayette	HOSP	Methodist Healthcare-Fayette Hospital	2009	1	Mobile (Part)	2 days/week	459
Fayette	HOSP	Methodist Healthcare-Fayette Hospital	2010	1	Mobile (Part)	2 days/week	373
Fayette	HOSP	Methodist Healthcare-Fayette Hospital	2011	1	Mobile (Part)	1 day/week	324
Shelby	HOSP	Baptist Memorial Hospital - Collierville	2009	1	Fixed	0	3,076
Shelby	HOSP	Baptist Memorial Hospital - Collierville	2010	1	Fixed	0	1,941
Shelby	HOSP	Baptist Memorial Hospital - Collierville	2011	1	Fixed	0	1,891
Shelby	HOSP	Baptist Memorial Hospital - Memphis	2009	3	Fixed	0	11,357
Shelby	HOSP	Baptist Memorial Hospital - Memphis	2010	3	Fixed	0	11,517
Shelby	HOSP	Baptist Memorial Hospital - Memphis	2011	3	Fixed	0	12,052
Shelby	HOSP	Baptist Rehabilitation - Germantown	2009	1	Fixed	0	1,267
Shelby	HOSP	Baptist Rehabilitation - Germantown	2010	1	Fixed	0	1,702
Shelby	HOSP	Baptist Rehabilitation - Germantown	2011	1	Fixed	0	1,622
Shelby	H-Imaging	Baptist Rehabilitation Germantown - Briarcrest MRI	2009	1	Fixed (Shared)	0	415
Shelby	H-Imaging	Baptist Rehabilitation Germantown - Briarcrest MRI	2010	1	Fixed (Shared)	0	370
Shelby	H-Imaging	Baptist Rehabilitation Germantown - Briarcrest MRI	2011	1	Fixed (Shared)	0	585
Shelby	PO	Campbell Clinic - Union	2009	1	Fixed	0	938
Shelby	PO	Campbell Clinic - Union	2010	1	Fixed	0	64
Shelby	PO	Campbell Clinic - Union	2011	1	Fixed	0	2,290
Shelby	PO	Campbell Clinic Inc.	2009	1	Fixed	0	7,398
Shelby	PO	Campbell Clinic Inc.	2010	1	Fixed	0	8,081
Shelby	PO	Campbell Clinic Inc.	2011	1	Fixed	0	6,502
Shelby	HOSP	Delta Medical Center	2009	1	Fixed	0	921
Shelby	HOSP	Delta Medical Center	2010	1	Fixed	0	880

Shelby	HOSP	Delta Medical Center	2011	1	Fixed	0	1,006
Shelby	RPO	Diagnostic Imaging PC - Memphis	2009	1	Fixed	0	4,236
Shelby	RPO	Diagnostic Imaging PC - Memphis	2010	1	Fixed	0	4,540
Shelby	RPO	Diagnostic Imaging PC - Memphis	2011	1	Fixed	0	6,358
Shelby	HOSP	LeBonheur Children's Medical Center	2009	2	Fixed	0	4,224
Shelby	HOSP	LeBonheur Children's Medical Center	2010	2	Fixed	0	3,856
Shelby	HOSP	LeBonheur Children's Medical Center	2011	3	Fixed	0	4,663
Shelby	HOSP	Methodist Healthcare-Germantown Hospital	2009	2	Fixed	0	8,282
Shelby	HOSP	Methodist Healthcare-Germantown Hospital	2010	2	Fixed	0	8,313
Shelby	HOSP	Methodist Healthcare-Germantown Hospital	2011	2	Fixed	0	7,698
Shelby	HOSP	Methodist Healthcare-North Hospital	2009	2	Fixed	0	6,660
Shelby	HOSP	Methodist Healthcare-North Hospital	2010	2	Fixed	0	6,359
Shelby	HOSP	Methodist Healthcare-North Hospital	2011	2	Fixed	0	6,058
Shelby	HOSP	Methodist Healthcare-South Hospital	2009	1	Fixed	0	3,364
Shelby	HOSP	Methodist Healthcare-South Hospital	2010	1	Fixed	0	3,536
Shelby	HOSP	Methodist Healthcare-South Hospital	2011	1	Fixed	0	4,073
Shelby	HOSP	Methodist Healthcare-University Hospital	2009	3	Fixed	0	9,144
Shelby	HOSP	Methodist Healthcare-University Hospital	2010	3	Fixed	0	9,136
Shelby	HOSP	Methodist Healthcare-University Hospital	2011	3	Fixed	0	9,677
Shelby	PO	MSK Group PC - New Covington Pike	2009	1	Fixed	0	3,213
Shelby	PO	MSK Group PC - New Covington Pike	2010	1	Fixed	0	3,420
Shelby	PO	MSK Group PC - New Covington Pike	2011	1	Fixed	0	3,096
Shelby	PO	MSK Group, PC - Briarcrest	2009	1	Fixed (Shared)	0	3,247
Shelby	PO	MSK Group, PC - Briarcrest	2010	1	Fixed (Shared)	0	4,043
Shelby	PO	MSK Group, PC - Briarcrest	2011	1	Fixed (Shared)	0	4,508
Shelby	PO	Neurology Clinic, PC	2009	1	Fixed (Shared)	0	3,161
Shelby	PO	Neurology Clinic, PC	2010	1	Fixed (Shared)	0	3,370
Shelby	PO	Neurology Clinic, PC	2011	1	Fixed (Shared)	0	3,168
Shelby	ODC	Outpatient Diagnostic Center of Memphis	2009	1	Fixed	0	1,969
Shelby	ODC	Outpatient Diagnostic Center of Memphis	2010	1	Fixed	0	2,389
Shelby	ODC	Outpatient Diagnostic Center of Memphis	2011	1	Fixed	0	2,207
Shelby	ODC	Park Avenue Diagnostic Center	2009	2	Fixed	0	4,989
Shelby	ODC	Park Avenue Diagnostic Center	2010	2	Fixed	0	3,857
Shelby	ODC	Park Avenue Diagnostic Center	2011	2	Fixed	0	3,080
Shelby	HOSP	Regional Medical Center at Memphis (The Med)	2009	1	Fixed	0	4,100
Shelby	HOSP	Regional Medical Center at Memphis (The Med)	2010	1	Fixed	0	3,733
Shelby	HOSP	Regional Medical Center at Memphis (The Med)	2011	1	Fixed	0	3,927
Shelby	PO	Semmes-Murphey Clinic (Humphreys Blvd)	2009	2	Fixed	0	6,748
Shelby	PO	Semmes-Murphey Clinic (Humphreys Blvd)	2010	2	Fixed	0	7,327
Shelby	PO	Semmes-Murphey Clinic (Humphreys Blvd)	2011	2	Fixed	0	7,300

Shelby	HOSP	St. Francis Hospital	2009	3	Fixed	0	6,852
Shelby	HOSP	St. Francis Hospital	2010	3	Fixed	0	6,159
Shelby	HOSP	St. Francis Hospital	2011	3	Fixed	0	5,482
Shelby	HOSP	St. Francis Hospital - Bartlett	2009	1	Fixed	0	3,044
Shelby	HOSP	St. Francis Hospital - Bartlett	2010	1	Fixed	0	3,030
Shelby	HOSP	St. Francis Hospital - Bartlett	2011	2	Fixed	0	3,257
Shelby	HOSP	St. Jude Children's Research Hospital	2009	3	Fixed	0	8,443
Shelby	HOSP	St. Jude Children's Research Hospital	2010	3	Fixed	0	9,467
Shelby	HOSP	St. Jude Children's Research Hospital	2011	3	Fixed	0	10,031
Shelby	PO	Wesley Neurology Clinic, P.C.	2009	1	Fixed (Shared)	0	1,358
Shelby	PO	Wesley Neurology Clinic, P.C.	2010	1	Fixed (Shared)	0	1,393
Shelby	PO	Wesley Neurology Clinic, P.C.	2011	1	Fixed (Shared)	0	1,398
Shelby	ASTC/ODC	West Clinic, P.C., The	2009	1	Fixed	0	1,598
Shelby	ASTC/ODC	West Clinic, P.C., The	2010	1	Fixed	0	1,304
Shelby	ASTC/ODC	West Clinic, P.C., The	2011	1	Fixed	0	1,662
Tipton	HOSP	Baptist Memorial Hospital - Tipton	2009	1	Fixed	0	1,275
Tipton	HOSP	Baptist Memorial Hospital - Tipton	2010	1	Fixed	0	1,213
Tipton	HOSP	Baptist Memorial Hospital - Tipton	2011	1	Fixed	0	1,143
<b>Service Area Total</b>			<b>2009</b>	<b>40</b>	<b>(Includes 1 mobile unit)</b>		<b>111,738</b>
			<b>2010</b>	<b>40</b>	<b>(Includes 1 mobile unit)</b>		<b>111,373</b>
			<b>2011</b>	<b>42</b>	<b>(Includes 1 mobile unit)</b>		<b>115,058</b>

Source: Health Services and Development Agency  
Medical Equipment Registry - 12/4/2012

Baptist Memorial Hospital-Memphis (BMHM) has provided inpatient, outpatient, and emergency care for children over the years, however, the hospital serves all ages and adults far outnumber the children. Approximately a year ago, inpatient beds were designated for pediatrics at Baptist Hospital for Women (BMHW). The pediatric beds at adjacent BMHM were returned to regular adult acute care. BMHW is proposing to construct an emergency department that will be dedicated to providing pediatric services. The department will have basic emergency department services and will be staffed by pediatricians who are hospitalists. Having offered obstetrical services from the time that they opened, BMHW has 143 pediatricians on the active medical staff.

BMHW currently provides an area and has a process for the evaluation and transfer of patients with emergency medical conditions including pregnancy and contractions. Pediatric patients who require hospitalization after treatment at the BMHM emergency room are transported to BMHW for admission. Implementation of the proposed BMHW emergency room would eliminate the need to transfer the pediatric patient.

Inside the proposed emergency department, a waiting area designed for pediatric patients and will accommodate families. Patients will be triaged upon entry and private registration rooms will provide control of confidential information. Efficient flow of patients and staff in treatment areas is enhanced by a direct line of sight from the nursing station for patients with a potentially higher level of need. The design also includes consideration for handling urgent response to a high number of admissions to an unanticipated catastrophic event.

The pediatric emergency department size and service components will provide patient safety and

quality with control of treatment spaces that provide more privacy of patient information and efficient alignment of treatment spaces with corridor placement to improve communication and work flow for effective staffing. The workplace design and room configuration provide reasonable flexibility and appropriate access to technology including adequate workspace for implementing electronic records. A portion of the department will serve pediatric ambulatory surgical cases at specified times during the day for admission, second stage recovery, and discharge.

Emergency department visits are projected to 7,320 in year one and 7,900 in year two. The emergency department at BMHM had 6,618 pediatric visits in FY 2011. Growth is anticipated due to several factors such as population and increasing use of the Women's Hospital by families with young children within the service area. The pediatric emergency department will also serve referrals from Baptist Memorial Health Care Corporation (BMHCC) hospitals especially those in the primary service area of Shelby, Tipton, and Fayette counties in Tennessee and DeSoto County in Mississippi. BMHW expects growth in pediatric utilization to occur as the result of having a dedicated pediatric emergency department as well.

Orthopedic trauma patients are projected to be frequent users of the pediatric emergency department. MRI, along with CT, ex-ray and ultrasound will provide diagnostic imaging support to diagnosis patients and move them quickly to the proper service locations. BMHM is planning to upgrade the MRI unit that is proposed to be transferred to BMHW. The replacement MRI will be a wide bore unit, 1.5 Tesla MRI. Currently, the three MRI units at BMHM perform enough procedures to operate four MRI units at the 80% utilization levels. The number of MRI scans are projected to be 875 in year one and 1,092 which is less than standard for Non-specialty MRI utilization but relocating scans to BMHW will not lower the 80% utilization threshold and access to patients service at BMHW will be provided.

Due to the need to provide access for pediatric patient and NICU infants as well as other hospital patients who would be transported to BMHW, the applicant requests special consideration by HSDA as provided in criteria item 9d. This provision allows for those who have an MRI unit for patients that typically require longer preparation and scanning times (e.g. pediatric, special needs, sedated, etc.).

This project also calls for shell space above the emergency department. This shell space will provide for additional future construction above the emergency department in the future construction without being disruptive to services below and be less expensive to construct now when the crews are on site.

#### **TENNCARE/MEDICARE ACCESS:**

The applicant participates in both the Medicare and TennCare programs, and has contract with BlueCross/BlueShield BlueCare, TennCare Select, and AmeriChoice.

**TennCare Enrollees in the Proposed Service Area**

<b>County</b>	<b>2013 Population</b>	<b>TennCare Enrollees</b>	<b>% of Total Population</b>
Fayette	39,818	5,631	14.1%
Shelby	956,126	230,053	24.1%
Tipton	63,857	11,473	18.0%
<b>Total</b>	<b>1,059,801</b>	<b>247,157</b>	<b>23.3%</b>

Source: *Tennessee Population Projections 2000-2020*, February 2008 Revision Tennessee Department of Health, Division of Policy, Planning and Assessment – Office of Health Statistics and *Tennessee TennCare Management Information System, Recipient Enrollment*, Bureau of TennCare

The applicant's projects year one Medicaid revenues of \$4,966,773 or 49% of gross revenues and year one Medicare revenues of \$940,283 or 9% of gross revenues.



## **ECONOMIC FACTORS/FINANCIAL FEASIBILITY:**

In the Project Costs Chart, the total estimated cost is \$14,105,241 which includes, \$938,650 for architectural and engineering fees; \$65,520 for legal, administrative, and consultant fees; \$1,055,495 for preparation of site; \$8,924,343 for construction costs; \$940,162 for contingency fund; \$100,000 for fixed equipment; \$1,939,321 for moveable equipment; \$110,000 for other expenses; and \$31,740 for CON filing fees.

In the Historical Data Chart located in Supplemental 2, the applicant reported 24,474/48,119, 26,012/45,743, and 26,966/43,216 patient days/visits in 2009, 2010, and 2011 with gross operating revenues of \$145,143,344, \$143,423,348, and 157,413,679 each year, respectively. Contractual adjustments, provisions for charity care and bad debt reduced net operating revenues to \$68,777,471, \$66,927,216, and \$68,150,061 each year. The applicant paid management fees to affiliates of \$5,974,728, \$6,984,524, and \$6,113,328 each year, respectively. The applicant reported a net operating income of \$3,905,695, \$973,550, and \$427,832 each year, respectively.

In the Projected Data Chart located in Supplemental 1, the applicant projects 7,320/875, and 7,900/1,092 emergency department visits/scan in years one and two of the project with gross operating revenues of \$10,055,757 and \$11,333,102 each year, respectively. Contractual adjustments, provisions for charity care and bad debt reduced net operating revenues to \$101,851 each year. The applicant projects a net operating (loss) of (\$538,159), in year one, and (\$338,371) in year two of the project.

The applicant charges are as follows: ER Level 1-\$247; ER Level 2-\$319; ER Level 3-\$524; ER Level 4-\$708; and ER Level 5-\$1,455.

One alternative was to keep the pediatric services in the BMHM ED. However, the BMHR ED is primarily filled with adult patients. The pediatric needs are being met but the environment cannot be focused on pediatrics. While the treatment rooms are dedicated to pediatrics, the waiting room and support areas are shared with adults.

Another alternative was to build a free-standing facility but the benefits of using the ED as flexible space that can meet the needs of pediatric surgical outpatients and other needs would not have been realized. Additionally, support services would also have to be duplicated in a free-standing location.

## **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:**

BMHW is a specialized hospital with relationships to entities throughout the Baptist system that includes a Lone Term Care Hospital, a Nursing Home, and Home Care organizations. BMHM also has working relationships with other providers throughout the region.

This project should benefit pediatric patients, families, and staff in providing and emergency department that will enhance provision of quality services in appropriate space dedicated to pediatric patients and family needs. In addition, the MRI unit will provide a service for people with special focused needs served at the hospital. The project is not expected to have any significant negative impact on the health care system as a whole since the patients are currently seeking service at BMHN.

The applicant provides the staffing pattern for this project in the application and in Supplemental 1.

The applicant states Baptist Memorial Health Care Corporation and BMHT are strong supporters of educational opportunities throughout the region. Baptist Memorial College of Health Sciences was chartered in 1994 as a specialized college offering baccalaureate degrees in nursing and in allied health sciences as well as continuing education opportunities for healthcare professionals. The four year BHS degree includes radiology training in areas of radiation therapy, nuclear medicine, diagnostic medical services, and radiographic technology.

BMHW is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities and accredited by The Joint Commission. The applicant was last surveyed on October 18, 2007 and an approved copy of their correction plan is located in Attachment Orderly Development 7 (d).

### **SPECIFIC CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition*.

### **MAGNETIC RESONANCE IMAGING SERVICES**

#### **Standards and Criteria**

#### **Utilization Standards for non-Specialty MRI Units**

- a. An applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2,160 MRI procedures in the first year of service, building to a minimum of 2,520 procedures per year by the second year of service, and building to a minimum of 2,880 procedures per year by the third year of service and for every year thereafter.

*If the current MRI currently in use at BMHM is moved to BMHW and another unit with a wide bore becomes operational BMHM, the average of all 4 units will be above 2,800 procedures per year. The 4 units are projected to have 12,201 procedures in 2012.*

- b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

*Not applicable.*

- c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

*Although the equipment does not qualify as new or improved technology, the rearrangement of services provided a different new setting at BMHW for providing diagnostic MRI services.*

- d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.

*Not applicable.*

- e. Hybrid MRI Units. The HSDA may evaluate a CON application for an MRI "hybrid" Unit (an MRI Unit that is combined/utilized with another medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

*Not applicable*

Access to MRI Units All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of

existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

*The new MRI is accessible to the same population as BMHM. However, since the pediatric patients are at BMHW, access for those patients is improved by locating the MRI at the same facility.*

*A listing of all MRIs and procedures is located in the Need section of this report.*

Economic Efficiencies: All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

*Acquiring the MRI that is fully equipped for children and breast exams that are specific needs of patients at BMHW at the market value is the most advantageous opportunity to improve accessibility and availability of service, without increasing cost to continue the quality of service and satisfaction with the care received.*

### **Need Standard for non-Specialty MRI Units**

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year = 3,600 procedures per year

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

*As previously described, the average number of procedures provided by all 4 units will continue to be at least 2,800.*

### **Need Standards for Specialty MRI Units**

#### **a. Dedicated fixed or mobile Breast MRI Unit**

- b. An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall not receive a CON to use the MRI unit for non-dedicated purposes and shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:

*Not applicable.*

It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by mammography, ultrasound, and MRI unit equipment, and that is trained to interpret images produced by an MRI unit configured exclusively for mammographic studies;

*The unit and BMHW will provide a comprehensive breast service through the women's health center.*

Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit are in compliance with the federal Mammography Quality Standards Act; It is part of or has a formal affiliation with an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical oncology, surgical oncology and an established breast cancer treatment program that is based in the proposed service area.

*The Women's Health Center operates equipment in compliance with mammography quality standards.*

It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers.

*BMHW has an affiliation with the Baptist Center for Cancer Care that is proposed to be constructed on property adjacent to the BMHW campus. The Women's Health Center will be located in the building that houses the cancer center and will be actively involved in fighting the disease. Members of the Women's Health Center will be part of the collaborative team for the treatment of breast cancer.*

#### **b. Dedicated fixed or mobile Extremity MRI Unit.**

An applicant proposing to institute a Dedicated fixed or mobile Extremity MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Extremity MRI Unit and a CON granted for this use should so state on its face.

*Not applicable.*

#### **c. Dedicated fixed or mobile Multi-position MRI Unit**

An applicant proposing to institute a Dedicated fixed or mobile Multi-position MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a dedicated fixed or mobile Multi-position MRI Unit and a CON granted for this use should so state on

*Not applicable.*

Separate Inventories for Specialty MRI Units and non-Specialty MRI Units. If data availability permits, Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.

*Not applicable.*

## Patient Safety and Quality of Care

The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

*FDA documentation is provided.*

- b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

*The MRI will be located in space that has been renovated in accordance with standards and guidelines from the vendor and other sources.*

- c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

*Emergencies will be handled in accordance with hospital and medical practices.*

- d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

*Appropriate protocols will be enacted to assure that all MRI procedures are performed are medically necessary and will not duplicate other services.*

- e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.

*BMHW is prepared to meet staffing recommendations and requirements set forth by the American College of Radiology.*

- f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

*BMHW is accredited by The Joint Commission and will seek accreditation for MRI within two years of implementation of the proposed service.*

- g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

*BMHW has transfer agreements with BMHM and medical staff is active at both facilities.*

- h. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

*BMHW will submit data in a timely fashion as requested by the HSDA to maintain the equipment registry.*

If approved, the applicant agrees to submit all information required by HSDA in a timely manner.

**In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:**

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration?
- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or
- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or
- d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

*As previously stated, BMHW contracts with all TennCare MCOs in the area. BMHW requests to receive special consideration due to its involvement with pediatric services and the special needs of children.*

#### **CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS**

- 1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.
- 2. For relocation or replacement of an existing licensed health care institution:
  - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.
  - b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.
- 3. For renovation or expansions of an existing licensed health care institution:
  - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.
  - b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

*The applicant's response is based on the number of visits to the emergency department at BMHM and the projections for BMHW. Emergency department visits are projected to 7,320 in year one and 7,900 in year two. The emergency department at BMHM had 6,618 pediatric visits in FY 2011.*